

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re: **W. R. Grace & Co., et al**  
Debtor

Case No. 01-01139 Jointly Administered  
Reporting Period: **March 2005**

**MONTHLY OPERATING REPORT**

File with Court and submit copy to United States Trustee within 20 days after end of month

Submit copy of report to any official committee appointed in the case.

<b>REQUIRED DOCUMENTS</b>	<b>Form No.</b>	<b>Document Attached</b>	<b>Explanation Attached</b>
Schedule of Cash Receipts and Disbursements	MOR-1	X	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (con't)	X	
Copies of bank statements		X	
Cash disbursements journals			Not available
Statement of Operations	MOR-2	X	
Balance Sheet	MOR-3	X	
Status of Postpetition Taxes	MOR-4	X	
Copies of IRS Form 6123 or payment receipt			Not available
Copies of Federal income tax returns filed during reporting period			None filed
Summary of Unpaid Postpetition Debts	MOR-4		See Note #4
Listing of aged accounts payable			See Note #4
Accounts Receivable Reconciliation and Aging	MOR-5	X	
Debtor Questionnaire	MOR-5	X	

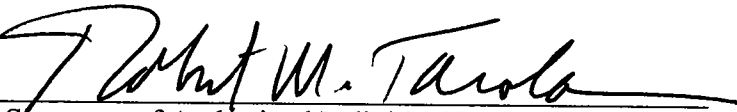
I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the documents attached are true and correct to the best of my knowledge and belief.

\_\_\_\_\_  
Signature of Debtor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Joint Debtor

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Signature of Authorized Individual\*

**28 APRIL 2005**  
Date

Robert M. Tarola

Printed Name of Authorized Individual

Senior Vice President and  
Chief Financial Officer

Title of Authorized Individual

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

**W. R. Grace & Co.**  
**Monthly Financial Report**  
**March 31, 2005**

**Table of Contents**

**Chart #**

**Form MOR**

**Monthly Operating Report**

Schedule of Cash Receipts and Disbursements .....	1	MOR-1
Bank Reconciliations .....	2	MOR-1
Combining Statement of Operations - Filing Entities Only .....	3	MOR-2
Combining Balance Sheet - Filing Entities Only .....	4	MOR-3
Status of Postpetition Taxes .....	5	MOR-4
Accounts Receivable Reconciliation and Aging .....	6	MOR-5
Debtor Questionnaire .....	7	MOR-5

**Combined Chapter 11 Filing Entity Statements**

Combined Statement of Operations.....	8
Combined Functional Basis Statement of Cash Flows .....	9
Combined Balance Sheet .....	10
Notes to Combined Financial Statements .....	11

**Bank Statements**

**Federal Income Tax Returns**

attached

**Forward-Looking Information**

This monthly financial report contains forward-looking information that involves risks and uncertainties. For such information, Grace claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from the results predicted, and reported results should not be considered as a indication of future performance. Factors that could cause actual results to differ from those contained in the forward-looking information include those factors set forth in Grace's most recent Annual Report on Form 10-K and quarterly reports on Form 10-Q, which have been filed with the Securities Exchange Commission.

**Statement of Confidentiality**

The information contained in the monthly financial report contains confidential information of W. R. Grace & Co. and its subsidiaries (the "Confidential Information"). The Confidential Information has been prepared solely for information purposes and may not be disclosed to any person or entity or reproduced, disseminated or disclosed, in whole or in part, except to officers, directors, employees, and representatives of the recipient ("Representatives") or as required by applicable law or regulation. By receipt of the Confidential Information, each recipient agrees to (1) use the Confidential Information only to enhance its understanding of Grace and its businesses, and (2) inform its Representatives of the confidential nature of such information and direct them to treat such information in accordance with the terms. Each recipient agrees to be responsible for any breach of these provisions by any of its Representatives.

## **Monthly Operating Report**

W. R. Grace &amp; Co. - Conn

## Schedule of Cash Receipts and Disbursements

MOR-1

March 2005

	JP Morgan Chase Disbursement 9101013572	Wachovia Lockbox 8619039102	First Union Deposit Acct 2199500021812	First Union Payroll 2079900003615	Merrill Lynch Investment 3323735	Merrill Lynch Investment 3343175	JP Morgan Chase Holding 323223141
CASH BEGINNING OF MONTH	\$ (244,978)	\$ -	\$ 13,971	\$ (58,423)	\$ 321,271,096	\$ 0	\$ 745,870
RECEIPTS							
ACCOUNTS RECEIVABLE - THIRD PARTIES							
ACCOUNTS RECEIVABLE - INTERCOMPANY							
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI							
DIP BORROWINGS							
TRANSFERS IN - THIRD PARTIES			489,165		586,033		
TRANSFERS IN - NONFILING ENTITIES							
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	200,000			265,968	79,000,000		
MISCELLANEOUS	400,000						2,665
TOTAL RECEIPTS	600,000	-	489,165	265,968	79,586,033	-	2,665
DISBURSEMENTS							
PAYROLL				207,546			
PAYROLL TAXES							
TRADE PAYABLES - THIRD PARTIES							
TRADE PAYABLES - INTERCOMPANY							
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI							
DIP PRINCIPAL REPAYMENTS							
DIP INTEREST AND USAGE FEES							
TRANSFERS OUT - THIRD PARTIES	255,371						
TRANSFERS OUT - NONFILING ENTITIES							
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS			493,136		128,100,000		
MISCELLANEOUS			10,000				
TOTAL DISBURSEMENTS	255,371	-	503,136	207,546	128,100,000	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	344,629	-	(13,971)	58,423	(48,513,967)	-	2,665
CASH - END OF MONTH	99,651	-	(0)	0	272,757,129	0	748,534

## Note #1

Various payments are made by W. R. Grace & Co. - Conn on behalf of certain other debtor entities, generally and primarily those that are inactive and/or have no direct employees. Such expenditures are generally de minimis and could include professional fees, state registration fees, business license fees and certain taxes.

W. R. Grace &amp; Co. - Conn

## Schedule of Cash Receipts and Disbursements

MOR-1

March 2005

	JP Morgan Chase Concentration 16001257	Bank of America Lockbox 8188203114	First Union Concentration 2000000282172	First Union Payroll 2079900016741	First Union Petty Cash 2079900005600	Civic Bank Payroll 15502015736	First Union Libby Medical 2079900065006
<b>CASH BEGINNING OF MONTH</b>	\$ 545,099	\$ 1,669,479	\$ 14,825,640	\$ (420,384)	\$ 6,158	\$ 0	\$ (0)
<b>RECEIPTS</b>							
ACCOUNTS RECEIVABLE - THIRD PARTIES		46,467,497					
ACCOUNTS RECEIVABLE - INTERCOMPANY							
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI							
DIP BORROWINGS							
TRANSFERS IN - THIRD PARTIES	2,748,613						
TRANSFERS IN - NONFILING ENTITIES	21,377,138						
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	244,842,927		150,900,000	67,771,821	2,979		179,895
MISCELLANEOUS				561,489			
<b>TOTAL RECEIPTS</b>	<b>268,968,678</b>	<b>46,467,497</b>	<b>150,900,000</b>	<b>68,333,310</b>	<b>2,979</b>	<b>-</b>	<b>179,895</b>
<b>DISBURSEMENTS</b>							
PAYROLL				41,747,143			
PAYROLL TAXES				26,165,783			
TRADE PAYABLES - THIRD PARTIES	842,874						
TRADE PAYABLES - INTERCOMPANY							
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI							
DIP PRINCIPAL REPAYMENTS							
DIP INTEREST AND USAGE FEES	192,718						
TRANSFERS OUT - THIRD PARTIES	9,180,780				4,847		179,895
TRANSFERS OUT - NONFILING ENTITIES	7,776,763	532,643					
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	251,250,280	46,696,822	159,311,480				
MISCELLANEOUS			6,414,160		4,290		
<b>TOTAL DISBURSEMENTS</b>	<b>269,243,415</b>	<b>47,229,464</b>	<b>165,725,640</b>	<b>67,912,926</b>	<b>9,137</b>	<b>-</b>	<b>179,895</b>
<b>NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)</b>	<b>(274,737)</b>	<b>(761,967)</b>	<b>(14,825,640)</b>	<b>420,384</b>	<b>(6,158)</b>	<b>-</b>	<b>-</b>
<b>CASH - END OF MONTH</b>	<b>270,362</b>	<b>907,512</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>

**Note #1**

Various payments are made by W. R. Grace & Co. - Conn on behalf of certain other debtor entities, generally and primarily those that are inactive and/or have no direct employees. Such expenditures are generally de minimis and could include professional fees, state registration fees, business license fees and certain taxes.

W. R. Grace &amp; Co. - Conn

## Schedule of Cash Receipts and Disbursements

MOR-1

March 2005

	First Union Accts Payable 2079920005761	First Union Payroll 2079900067554	Wachovia Lockbox 1868-082535	First Union Accts payable 2079900005280	First Union Accts Payable 2079900005231	Allfirst Payroll 16298631	SunTrust Payroll 00000141309	PNC 4002641360
CASH BEGINNING OF MONTH	\$ (9,495,017)	\$ (12,667)	\$ 1,937,556	\$ (614,140)	\$ (16,003)	\$ 30,478	\$ 45,246	\$ 24,454
RECEIPTS								
ACCOUNTS RECEIVABLE - THIRD PARTIES			32,415,457					
ACCOUNTS RECEIVABLE - INTERCOMPANY			13,657,046					
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI								
DIP BORROWINGS								
TRANSFERS IN - THIRD PARTIES								
TRANSFERS IN - NONFILING ENTITIES								
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	48,502,971			2,246,964	40,340,882			
MISCELLANEOUS	12,068,395	1,884,561		964,345	2,034,169			
TOTAL RECEIPTS	60,571,366	1,884,561	46,072,503	3,211,309	42,375,050	-	-	-
DISBURSEMENTS								
PAYROLL								
PAYROLL TAXES								
TRADE PAYABLES - THIRD PARTIES	(a) 51,076,349			2,597,169	42,359,047			
TRADE PAYABLES - INTERCOMPANY								
ACCOUNT SECURITIZATION								
PAYMENTS AS SERVICER FOR GRPI								
DIP PRINCIPAL REPAYMENTS								
DIP INTEREST AND USAGE FEES								
TRANSFERS OUT - THIRD PARTIES								
TRANSFERS OUT - NONFILING ENTITIES								
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS			46,417,777					
MISCELLANEOUS		1,871,894	1,592,282					
TOTAL DISBURSEMENTS	51,076,349	1,871,894	48,010,059	2,597,169	42,359,047	-	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	9,495,017	12,667	(1,937,556)	614,140	16,003	-	-	-
CASH - END OF MONTH	-	-	0	0	0	30,478	45,246	24,454

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(a) These disbursements include Libby indictment, legal, and indemnification costs of \$1,248,343.

W. R. Grace &amp; Co. - Conn

## Schedule of Cash Receipts and Disbursements

MOR-1

March 2005

	Hibernia Natl Disbursement 101391210	Bank of America Payroll 0000 0002 2137	Allfirst Payroll 16298657	First Union Petty Cash 2040000016900	Banco de Credito Operating Acct 1931115122058	Banco de Credito Operating Acct 1931125963172	Banco de Credito Time Deposit 0015820
<b>CASH BEGINNING OF MONTH</b>	\$ 10,000	\$ -	\$ 279,110	\$ 56,345	\$ 28,130	\$ 623,675	\$ -
<b>RECEIPTS</b>							
ACCOUNTS RECEIVABLE - THIRD PARTIES					22,689	404,643	
ACCOUNTS RECEIVABLE - INTERCOMPANY							
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI							
DIP BORROWINGS							
TRANSFERS IN - THIRD PARTIES					190,105	1,327	
TRANSFERS IN - NONFILING ENTITIES							
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS							
MISCELLANEOUS							
<b>TOTAL RECEIPTS</b>	-	-	-	-	212,794	405,970	-
<b>DISBURSEMENTS</b>							
PAYROLL					19,928		
PAYROLL TAXES					70,574		
TRADE PAYABLES - THIRD PARTIES							
TRADE PAYABLES - INTERCOMPANY							
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI							
DIP PRINCIPAL REPAYMENTS							
DIP INTEREST AND USAGE FEES							
TRANSFERS OUT - THIRD PARTIES					130,031	190,000	
TRANSFERS OUT - NONFILING ENTITIES							
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS							
MISCELLANEOUS					14,192	32,381	
<b>TOTAL DISBURSEMENTS</b>	-	-	-	-	234,725	222,381	-
<b>NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)</b>	-	-	-	-	(21,931)	183,589	-
<b>CASH - END OF MONTH</b>	10,000	-	279,110	56,345	6,199	807,265	-

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W. R. Grace &amp; Co. - Conn

## Schedule of Cash Receipts and Disbursements

MOR-1

March 2005

	Bank of Boston Operating Acct 0154519	Bank of Boston Operating Acct 0154424	Cash in Transit	Cash on Hand	Other	CURRENT MONTH	
						ACTUAL	PROJECTED
<b>CASH BEGINNING OF MONTH</b>	\$ 161	\$ 555	\$ (3,270)	\$ 43,925	\$ 269,874	331,561,942	\$ -
<b>RECEIPTS</b>							
ACCOUNTS RECEIVABLE - THIRD PARTIES						79,310,286	
ACCOUNTS RECEIVABLE - INTERCOMPANY						13,657,046	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI						-	
DIP BORROWINGS						-	
TRANSFERS IN - THIRD PARTIES	135					4,015,378	
TRANSFERS IN - NONFILING ENTITIES						21,377,138	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS						634,254,407	
MISCELLANEOUS						17,915,623	
<b>TOTAL RECEIPTS</b>	135	-	-	-	-	770,529,877	-
<b>DISBURSEMENTS</b>							
PAYROLL						41,974,616	
PAYROLL TAXES						26,236,357	
TRADE PAYABLES - THIRD PARTIES						96,875,439	
TRADE PAYABLES - INTERCOMPANY						-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI						-	
DIP PRINCIPAL REPAYMENTS						-	
DIP INTEREST AND USAGE FEES						192,718	
TRANSFERS OUT - THIRD PARTIES	292	522	2,570			9,944,307	
TRANSFERS OUT - NONFILING ENTITIES						8,309,406	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS						632,269,495	
MISCELLANEOUS	4	33			488,063	10,427,299	
<b>TOTAL DISBURSEMENTS</b>	296	555	2,570	-	488,063	826,229,638	-
<b>NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)</b>	(161)	(555)	(2,570)	-	(488,063)	(55,699,761)	-
<b>CASH - END OF MONTH</b>	0	0	(5,840)	43,925	(218,189)	275,862,181	\$ -

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W.R. Grace &amp; Co.

## Schedule of Cash Receipts and Disbursements

MOR-1

March 2005

	JP Morgan Chase Pass Through 323881963	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ (0)	\$ (0)	
RECEIPTS			
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	23,437,957	23,437,957	
TOTAL RECEIPTS	23,437,957	23,437,957	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	23,437,957	23,437,957	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	23,437,957	23,437,957	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ (0)	\$ (0)	\$ -

Remediation Group, Inc.

## Schedule of Cash Receipts and Disbursements

MOR-1

March 2005

	JP Morgan Chase Depository/Wire 323883842	JP Morgan Chase Disbursement 601831985	Other	CURRENT MONTH	
				ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ (137,868)	\$ 139	\$ (137,730)	
RECEIPTS					
ACCOUNTS RECEIVABLE - THIRD PARTIES				-	
ACCOUNTS RECEIVABLE - INTERCOMPANY				-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI				-	
DIP BORROWINGS				-	
TRANSFERS IN - THIRD PARTIES				-	
TRANSFERS IN - NONFILING ENTITIES				-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	2,287,677	302,765		2,590,443	
TOTAL RECEIPTS	2,287,677	302,765	-	2,590,443	
DISBURSEMENTS					
PAYROLL				-	
PAYROLL TAXES				-	
TRADE PAYABLES - THIRD PARTIES				-	
TRADE PAYABLES - INTERCOMPANY				-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI				-	
DIP PRINCIPAL REPAYMENTS				-	
DIP INTEREST AND USAGE FEES				-	
TRANSFERS OUT - THIRD PARTIES		244,338		244,338	
TRANSFERS OUT - NONFILING ENTITIES				-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	2,287,677			2,287,677	
MISCELLANEOUS			139	139	
TOTAL DISBURSEMENTS	2,287,677	244,338	139	2,532,153	
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	58,428	(139)	58,289	
CASH - END OF MONTH	-	(79,440)	-	(79,440)	

Darex Puerto Rico, Inc.

## Schedule of Cash Receipts and Disbursements

MOR-1

March 2005

	Citibank Operating Acct 300153011	Petty Cash	Other	Cash-in-Transit	CURRENT MONTH	
					ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 5,415,988	\$ 1,500	\$ (51,673)	\$ 0	\$ 5,365,815	
RECEIPTS						
ACCOUNTS RECEIVABLE - THIRD PARTIES	304,460				304,460	
ACCOUNTS RECEIVABLE - INTERCOMPANY					-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI					-	
DIP BORROWINGS					-	
TRANSFERS IN - THIRD PARTIES					-	
TRANSFERS IN - NONFILING ENTITIES					-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	245,070			-	245,070	
TOTAL RECEIPTS	549,530	-	-	-	549,530	-
DISBURSEMENTS						
PAYROLL	7,265				7,265	
PAYROLL TAXES	2,993				2,993	
TRADE PAYABLES - THIRD PARTIES	245,655				245,655	
TRADE PAYABLES - INTERCOMPANY					-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI					-	
DIP PRINCIPAL REPAYMENTS					-	
DIP INTEREST AND USAGE FEES					-	
TRANSFERS OUT - THIRD PARTIES					-	
TRANSFERS OUT - NONFILING ENTITIES					-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	245,070				245,070	
MISCELLANEOUS					-	
TOTAL DISBURSEMENTS	500,983	-	-	-	500,983	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	48,547	-	-	-	48,547	-
CASH - END OF MONTH	5,464,535	1,500	(51,673)	0	5,414,362	-

CC Partners

## Schedule of Cash Receipts and Disbursements

MOR-1

March 2005

	First Union Deposit Acct 2198500031802	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ -	
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS	-	-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	-	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ -	\$ -	\$ -

## Kootenai Development Company

## Schedule of Cash Receipts and Disbursements

MOR-1

March 2005

	First National Bank of Montana 1049097	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 5,839	\$ 5,839	
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS	-	-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	-	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ 5,839	\$ 5,839	\$ -

Grace Europe, Inc.

## Schedule of Cash Receipts and Disbursements

MOR-1

March 2005

	Barclays Bank PLC	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ -	
RECEIPTS			
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS	-	-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	-	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ -	\$ -	\$ -

Gloucester New Communities Company, Inc.  
Schedule of Cash Receipts and Disbursements  
MOR-1  
March 2005

	Cash On Hand	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 500	\$ 500	
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS	-	-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	-	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ 500	\$ 500	\$ -

Dewey &amp; Almy, LLC

## Schedule of Cash Receipts and Disbursements

MOR-1

March 2005

	Miscellaneous	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ -	
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS	-	-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	-	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ -	\$ -	\$ -



[illegible]

[illegible]

W. R. Grace & Co. - Conn  
Bank Reconciliations  
February, 2005  
MOR-1

	First Union Petty Cash 2079900005600		Civic Bank Payroll 15502015736		First Union Libby Medical 2079900065006		First Union Accts Payable 2079920005761		First Union Payroll 2079900067554	
Balance per books	\$ 6,158		\$ -		\$ -		\$ (9,495,017)		\$ (12,667)	
Bank Balance					\$ -					
(+) Deposits in transit										
(-) Outstanding checks	(204)						(6,472,851)		(12,126)	
Other	6,362						(3,022,166)		(541)	
Adjusted bank balance	\$ 6,158		\$ -		\$ -		\$ (9,495,017)		\$ (12,667)	
Deposits in Transit	Date	Amount	Date	Amount	Date	Amount	Date	Amount	Date	Amount
Outstanding Checks	Ck. #	Amount	Ck. #	Amount	Ck. #	Amount	Ck. #	Amount	Ck. #	Amount
	12586	(15)					Detail Available		Detail Available	
	34066	(50)								
	37009	(88)								
	37138	(50)								
	39016	(100)								
Other										
Transfers between bank accounts										
Accounting error										
Interest not recorded on books										
Bank fees not recorded on books										
Payroll tax payments not recorded										
Unreconciled bank activity										
Unreconciled ledger activity		6,362						(3,015,279)		(541)
Reclass negative cash balance								(7,258)		
Returned item adjustment								389		
Payroll/other activity in transit										
Petty cash funds										
Reporting reclass										
Unrecorded deposit										

W. R. Grace & Co. - Conn  
Bank Reconciliations  
February, 2005  
MOR-1

	Wachovia Lockbox 1866-0825356		First Union Accts payable 2079900005260		First Union Accts Payable 2079900005231		M & T Bank Payroll 16298631		SunTrust Payroll 00000141309	
Balance per books	\$ 1,937,556		\$ (614,140)		\$ (16,003)		\$ 30,478		\$ 45,246	
Bank Balance	\$ 1,949,679		\$ -		\$ -		\$ 47,025		\$ 45,246	
(+) Deposits in transit										
(-) Outstanding checks			(614,140)				(4,634)			
Other	(12,123)				(16,003)		(11,913)			
Adjusted bank balance	\$ 1,937,556		\$ (614,140)		\$ (16,003)		\$ 30,478		\$ 45,246	
Deposits in Transit	Date	Amount	Date	Amount	Date	Amount	Date	Amount	Date	Amount
Outstanding Checks	Ck. #	Amount	Ck. #	Amount	Ck. #	Amount	Ck. #	Amount	Ck. #	Amount
			SAP 02/28/05	(614,140)			Detail Available			
Other										
Transfers between bank accounts						(16,003)				
Accounting error										
Interest not recorded on books										
Bank fees not recorded on books		8								
Payroll tax payments not recorded										
Unreconciled bank activity										
Unreconciled ledger activity										
Reclass negative cash balance										
Returned item adjustment										
Payroll/other activity in transit		(12,131)						(11,913)		
Petty cash funds										
Reporting reclass										
Unrecorded deposit										

	PNC 4002641360	Hibernia Natl. Disbursement 101391210	Bank of America Payroll 0000 0002 2137	M & T Bank Payroll 16298657	First Union Petty Cash 2040000016900
Balance per books	\$ 24,454	\$ 10,000	\$ -	\$ 279,110	\$ 56,345
Bank Balance (+) Deposits in transit (-) Outstanding checks Other	\$ 24,454	\$ 10,000	\$ -	\$ 287,588 <div>(9,301) 823</div>	\$ 36,260 <div>20,085</div>
Adjusted bank balance	\$ 24,454	\$ 10,000	\$ -	\$ 279,110	\$ 56,345
Deposits in Transit	Date Amount	Date Amount	Date Amount	Date Amount	Date Amount
Outstanding Checks	Ck. # Amount	Ck. # Amount	Ck. # Amount	Ck. # Amount Detail Available	Ck. # Amount
Other					
Transfers between bank accounts Accounting error Interest not recorded on books Bank fees not recorded on books Payroll tax payments not recorded Unreconciled bank activity Unreconciled ledger activity Reclass negative cash balance Returned item adjustment Payroll/other activity in transit Petty cash funds Reporting reclass Unrecorded deposit				823	4,085 16,000

W. R. Grace & Co. - Conn  
Bank Reconciliations  
February, 2005  
MOR-1

	Banco de Credito Operating Acct 1931115122058		Banco de Credito Operating Acct 1931125963172		Banco de Credito Time Deposit 0015820		Bank of Boston Operating Acct 0154519		Bank of Boston Operating Acct 0154424	
Balance per books	(Soles)	91,599		\$ 623,675		\$ -	(Soles)	523		\$ 555
Bank Balance		91,599		\$ 623,675		\$ -		523		\$ 2,088
(+) Deposits in transit										
(-) Outstanding checks										(1,533)
Other										
Adjusted bank balance		\$ 91,599		\$ 623,675		\$ -		\$ 523		\$ 555
Deposits in Transit	Date		Date		Date		Date		Date	
Outstanding Checks	Ck. #		Ck. #		Ck. #		Ck. #		Ck. #	
									415	(1,157)
									417	(377)
Other										
Transfers between bank accounts										
Accounting error										
Interest not recorded on books										
Bank fees not recorded on books										
Payroll tax payments not recorded										
Unreconciled bank activity										
Unreconciled ledger activity										
Reclass negative cash balance										
Returned item adjustment										
Payroll/other activity in transit										
Petty cash funds										
Reporting reclass										
Unrecorded deposit										

7 of 12

Remedium Group, Inc. Bank Reconciliations February, 2005 MOR-1				
	JP Morgan Chase Pass Through 323883842		JP Morgan Chase Disbursement 601831985	
Balance per books	\$ -		\$ (137,868)	
Bank Balance				
(+) Deposits in transit				
(-) Outstanding checks			(137,868)	
Other				
Adjusted bank balance	\$ -		\$ (137,868)	
Deposits in Transit	Date	Amount	Date	Amount
Outstanding Checks	Ck. #	Amount	Ck. #	Amount
			6112	(300)
			6124	(500)
			6125	(7,969)
			6126	(200)
			6127	(12,928)
			6128	(8,692)
			6129	(87)
			6130	(266)
			6131	(87,737)
			6132	(2,292)
			6133	(100)
			6134	(390)
			6135	(1,692)
			6136	(1,575)
			6137	(322)
			6138	(113)
			6139	(232)
			6140	(1,222)
			6141	(9,384)
			6142	(200)
			6143	(262)
			6144	(4)
			6145	(1,190)
			6146	(210)
Other				
Transfers between bank accounts				
Accounting error				
Interest not recorded on books				
Bank fees not recorded on books				
Payroll tax payments not recorded				
Unreconciled bank activity				
Unreconciled ledger activity				
Returned item adjustment				
Payroll activity in transit				
Petty cash funds				



9 of 12

Darex Puerto Rico, Inc. Bank Reconciliations February, 2005 MOR-1		
	Citibank Operating Acct 300153011	
Balance per books	\$ 5,415,988	
Bank Balance	\$ 5,813,189	
(+) Deposits in transit	1,153	
(-) Outstanding checks	(206,722)	
Other	8,368	
Adjusted bank balance	\$ 5,415,988	
Deposits in Transit	Date	Amt
	31-Dec-04	(225)
	31-Jan-05	1,620
	28-Feb-05	(243)
Outstanding Checks	Ck. #	Amt
	15481	(27)
	15904	(728)
	16971	(920)
	17225	(6,111)
	17278	(52)
	17288	(128,882)
	17430	(500)
	17439	(1,225)
	17440	(68)
	14450	(4,100)
	17454	(125)
	17455	(230)
	17456	(55)
	17457	(650)
	17459	(50)
	17480	(65)
	17481	(700)
	17483	(15,644)
	17484	(972)
	17485	(1,010)
	17486	(8,071)
	17487	(2,206)
	17488	(31,294)
	17489	(280)
	various	(2,758)
Other		
Transfers between bank accounts		
Accounting error		
Interest not recorded on books		
Bank fees not recorded on books		
Payroll tax payments not recorded		
Unreconciled bank activity		
Unreconciled ledger activity		8,368
Returned item adjustment		
Payroll activity in transit		
Petty cash funds		

11 of 12

12 of 12

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Statement of Operations  
MOR - 2  
Month Ended March 31, 2005

	W.R. Grace & Co. - Conn.	W.R. Grace & Co.	Remedium Group, Inc.	CCHP, Inc.	CC Partners	Grace Washington, Inc.	Litigation Management, Inc.	Grace Europe, Inc.	L B Realty, Inc.
Net sales to third parties	\$ 75,818,820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	31,319,309	-	-	-	-	-	-	-	-
Net sales to filing entities	275,522	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	5,449,309	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	(6,620,826)	4,117,460	743,933	19,173	845,233	-	2,602,915	-	-
	106,242,133	4,117,460	743,933	19,173	845,233	-	2,602,915	-	-
Cost of goods sold to third parties	46,574,096	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	25,371,653	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	212,103	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	(a) 27,496,908	-	6,015	-	-	32,673	-	-	-
Research and development expenses	3,618,923	-	-	-	-	-	-	-	-
Depreciation and amortization	5,332,033	-	2,318	-	-	-	-	-	-
Interest expense	5,815,523	-	-	-	-	-	-	-	-
Other expense (income)	(879,696)	-	-	-	-	-	-	-	-
	113,541,542	-	8,333	-	-	32,673	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	(7,299,409)	4,117,460	735,599	19,173	845,233	(32,673)	2,602,915	-	-
Chapter 11 reorganization expenses, net	(1,905,283)	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	3,660,359	(1,441,111)	(257,510)	(6,710)	(295,831)	60	(911,020)	(2,473)	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
<b>Net (loss) income</b>	<b>\$ (5,544,333)</b>	<b>\$ 2,676,349</b>	<b>\$ 478,089</b>	<b>\$ 12,463</b>	<b>\$ 549,402</b>	<b>\$ (32,613)</b>	<b>\$ 1,691,895</b>	<b>\$ (2,473)</b>	<b>\$ -</b>

**Note #2**

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

(a) Amount includes \$1,588,501 of expenses for Grace's legal and indemnification costs related to the Libby indictment. \$1,004,537 of this amount relates specifically to the indemnification costs of the seven current and former employees under indictment.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Statement of Operations  
MOR - 2  
Month Ended March 31, 2005

	Grace International Holdings, Inc.	Darex Puerto Rico, Inc.	Alewiffe Land Corporation	Alewiffe Boston, Ltd.	Five Alewiffe Boston Ltd.	GN Holdings, Inc.	MRA Holdings Corp.	MRA Intermedco, Inc.	MRA Staffing Systems, Inc.
Net sales to third parties	\$ -	\$ 730,379	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	414,341	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	(1,705,288)	(2,598)	-	-	-	-	-	-	-
	(1,290,948)	727,781	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	287,680	49,132	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	33,554	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	95,887	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	83,340	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense (income)	337,063	-	-	-	-	-	-	-	-
	337,063	500,461	49,132	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	(1,628,010)	227,320	(49,132)	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	597,220	(106,104)	17,197	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
<b>Net (loss) income</b>	<b>\$ (1,030,791)</b>	<b>\$ 121,216</b>	<b>\$ (31,935)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Note #2**

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Statement of Operations  
MOR - 2  
Month Ended March 31, 2005

	Kootenai Development Company	CB Biomedical, Inc.	Amicon, Inc.	Grace Environmental, Inc.	Grace Chemical Company of Cuba	Southern oil, Resin & Fiberglass, Inc.	Guanica- Caribe Land Development Corporation	Dewey & Almy, LLC	A-1 Bit & Tool Co., Inc.
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense (income)	-	-	-	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
<b>Net (loss) income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Note #2**

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Statement of Operations  
MOR - 2  
Month Ended March 31, 2005

	Grace Tarpon Investors, Inc.	G C Limited Partners I, Inc.	Monolith Enterprises, Incorporated	Grace Culinary Systems, Inc.	Grace Hotel Services Corporation	Monroe Street, Inc.	Grace H-G Inc.	Hanover Square Corporation	Ecarg, Inc.
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense (income)	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
<b>Net (loss) income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Note #2**

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.



W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Statement of Operations  
MOR - 2  
Month Ended March 31, 2005

	W.R. Grace Land Corporation	G C Management, Inc.	Water Street Corporation	Del Taco Restaurants, Inc.	W.R. Grace Capital Corporation	Gloucester New Communities Company, Inc.	Creative Food N' Fun Company	Grace PAR Corporation	Grace A-B Inc.
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense (income)	-	-	-	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
<b>Net (loss) income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Note #2**

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Statement of Operations  
MOR - 2  
Month Ended March 31, 2005

	Homco International Inc.	GPC Thomasville Corp.	Grace Ventures Corp.	Grace Energy Corporation	GEC Management Corporation	Grace Offshore Company	Coalgrace, Inc.	Grace A-B II Inc.	Grace H-G II Inc.
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense (income)	-	-	-	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
<b>Net (loss) income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Note #2**

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Statement of Operations  
MOR - 2  
Month Ended March 31, 2005

	Coalgrace II, Inc.	Gracacoal II, Inc.	Gracoal, Inc.	Grace Drilling Company	Grace Petroleum Libya Incorporated	Axial Basin Ranch Company	Hayden-Gulch West Coal Company	H-G Coal Company	Eliminations between Filing Entities
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	(275,522)
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(275,522)
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	(245,657)
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense (income)	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(245,657)
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	(29,865)
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
<b>Net (loss) income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (29,865)</b>

**Note #2**

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities Combining Statement of Operations MOR - 2 Month Ended March 31, 2005		
	Conversion to Equity Method	COMBINED FILING ENTITIES
Net sales to third parties	\$ -	\$ 76,549,199
Net sales to non-filing entities	-	31,319,309
Net sales to filing entities	-	-
Interest and royalties from non-filing entities, net	-	5,863,650
Interest and royalties from filing entities, net	-	-
	-	113,732,157
Cost of goods sold to third parties	-	46,910,908
Cost of goods sold to non-filing entities	-	25,371,653
Cost of goods sold to filing entities	-	-
Selling, general and administrative expenses	-	26,831,484
Research and development expenses	-	3,618,923
Depreciation and amortization	-	5,417,691
Interest expense	-	5,815,523
Other expense (income)	-	(542,633)
	-	113,423,547
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	308,610
Chapter 11 reorganization expenses, net	-	(1,905,283)
(Provision for) benefit from income taxes	-	1,254,077
Minority interest in income of subsidiary	-	-
Equity in net income of non-filing entities	3,000,693	3,000,693
<b>Net (loss) income</b>	<b>\$ 3,000,693</b>	<b>\$ 2,658,097</b>

**Note #2**

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Balance Sheet

MOR - 3

March 31, 2005

	W.R. Grace & Co. - Conn	W.R. Grace & Co.	Remedium Group, Inc.	CCHP, Inc.	CC Partners	Grace Washington, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 275,862,181	\$ -	\$ (79,440)	\$ -	\$ -	\$ -
Accounts and other receivables, net	115,925,434	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	369,994,715	(412,724,668)	(13,054,349)	12,881,822	(67,813,043)	(10,263,824)
Inventories	83,048,508	-	-	-	-	-
Deferred income taxes	19,063,584	-	9,860,472	-	-	-
Other current assets	19,344,179	-	-	-	-	-
<b>Total Current Assets</b>	<b>883,238,601</b>	<b>(412,724,668)</b>	<b>(3,273,317)</b>	<b>12,881,822</b>	<b>(67,813,043)</b>	<b>(10,263,824)</b>
Properties and equipment, net	350,519,806	-	422,877	-	-	-
Goodwill	14,499,090	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	81,001,297	-	-	-	-	-
Deferred income taxes	998,899,636	-	29,268,534	-	-	-
Asbestos-related insurance receivable	500,000,000	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	(1,426,063,335)	911,284,147	133,137,526	5,109,112	221,041,844	-
Investment in filing and non-filing entities	821,197,939	241,512,111	-	-	-	-
Other assets	72,782,129	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 2,296,075,164</b>	<b>\$ 740,071,589</b>	<b>\$ 159,555,619</b>	<b>\$ 17,990,934</b>	<b>\$ 153,228,801</b>	<b>\$ (10,263,824)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	55,819,563	-	60,309	-	-	-
Income taxes payable	(72,565)	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	102,812,755	-	196,168	-	-	3,017
<b>Total Current Liabilities</b>	<b>158,559,753</b>	<b>-</b>	<b>256,478</b>	<b>-</b>	<b>-</b>	<b>3,017</b>
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	310,226,591	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	365,051,859	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	<b>833,838,203</b>	<b>-</b>	<b>256,478</b>	<b>-</b>	<b>-</b>	<b>3,017</b>
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	655,138,938	-	-	-	-	-
Accounts payable	30,514,201	-	665,607	-	-	-
Income taxes payable	130,560,816	38,426,226	(771,595)	171,450	7,983,314	(13,615)
Asbestos-related liability	1,700,000,000	-	-	-	-	-
Other liabilities	491,047,940	-	111,630,156	-	2,023,330	-
<b>Total Liabilities Subject to Compromise</b>	<b>3,007,261,895</b>	<b>38,426,226</b>	<b>111,524,168</b>	<b>171,450</b>	<b>10,006,644</b>	<b>(13,615)</b>
<b>Total Liabilities</b>	<b>3,841,100,098</b>	<b>38,426,226</b>	<b>111,780,645</b>	<b>171,450</b>	<b>10,006,644</b>	<b>(10,598)</b>
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	83,968,960	782,870	12,223	1,000	-	1,000
Paid in capital	142,809,878	419,879,435	9,724,449	34,052,467	56,011,577	-
(Accumulated deficit)/Retained earnings	(1,365,172,148)	400,856,543	38,038,302	(16,233,982)	87,210,581	(10,254,227)
Treasury stock, at cost	-	(119,873,585)	-	-	-	-
Accumulated other comprehensive loss	(406,631,624)	100	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>(1,545,024,934)</b>	<b>701,645,363</b>	<b>47,774,974</b>	<b>17,819,484</b>	<b>143,222,157</b>	<b>(10,253,227)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 2,296,075,164</b>	<b>\$ 740,071,589</b>	<b>\$ 159,555,619</b>	<b>\$ 17,990,934</b>	<b>\$ 153,228,801</b>	<b>\$ (10,263,824)</b>

## Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Balance Sheet

MOR - 3

March 31, 2005

	Litigation Management, Inc.	Grace Europe, Inc.	L B Realty, Inc.	Grace International Holdings, Inc.	Darex Puerto Rico, Inc.	Alewite Land Corporation
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 5,414,362	\$ -
Accounts and other receivables, net	-	94,771	-	-	2,364,851	-
Receivables from/(payables to) filing and non-filing entities, net	(386,938,610)	5,710,407	140,524,854	(76,062,390)	(2,296,924)	(4,435,022)
Inventories	-	(0)	-	-	249,354	-
Deferred income taxes	-	88,510	-	-	2,703	-
Other current assets	-	-	-	-	691,631	-
<b>Total Current Assets</b>	(386,938,610)	5,893,687	140,524,854	(76,062,390)	6,425,976	(4,435,022)
Properties and equipment, net	-	-	-	-	620,431	-
Goodwill	-	-	-	-	4,377,631	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	505,382,220	(3,282,913)	-	44,805,661	(696,990)	-
Investment in filing and non-filing entities	-	-	-	58,669,464	-	-
Other assets	-	54,000	-	-	9,433,158	-
<b>Total Assets</b>	<b>\$ 118,443,610</b>	<b>\$ 2,664,774</b>	<b>\$ 140,524,854</b>	<b>\$ 27,412,735</b>	<b>\$ 20,160,205</b>	<b>\$ (4,435,022)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	25,477	-	-	940,115	-
Income taxes payable	-	-	-	-	72,833	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	355,958	-	-	141,570	-
<b>Total Current Liabilities</b>	-	381,435	-	-	1,154,518	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	0	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	21,017,212	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	381,435	-	21,017,212	1,154,518	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	133,907	-
Income taxes payable	24,597,034	(956,607)	(150)	(7,200,050)	2,263,748	(145,982)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	252,884	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	24,597,034	(703,722)	(150)	(7,200,050)	2,397,655	(145,982)
<b>Total Liabilities</b>	24,597,034	(322,287)	(150)	13,817,162	3,552,173	(145,982)
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	112	-	-	-	-	-
Common Stock	1,000	1,000	-	1,000	1,000	200
Paid in capital	(29,267,410)	-	25,358,993	61,845,489	13,074,177	274,606
(Accumulated deficit)/Retained earnings	123,112,874	(487,963)	115,166,011	(92,500,585)	3,532,855	(4,563,845)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	3,474,023	-	44,249,670	-	-
<b>Total Shareholders' Equity (Deficit)</b>	93,846,576	2,987,061	140,525,004	13,595,574	16,608,032	(4,289,040)
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 118,443,610</b>	<b>\$ 2,664,774</b>	<b>\$ 140,524,854</b>	<b>\$ 27,412,735</b>	<b>\$ 20,160,205</b>	<b>\$ (4,435,022)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
MOR - 3  
March 31, 2005

	Alewife Boston Ltd.	Five Alewife Boston Ltd.	GN Holdings, Inc.	MRA Holdings Corp.	MRA Intermedco, Inc.	MRA Staffing Systems, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	(2,143,580)	-	(57,817,172)	(110)	(330)	(19,771)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	(2,143,580)	-	(57,817,172)	(110)	(330)	(19,771)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	34,053,467	54,500,000	54,500,000	56,011,577
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ (2,143,580)</b>	<b>\$ -</b>	<b>\$ (23,763,706)</b>	<b>\$ 54,499,890</b>	<b>\$ 54,499,670</b>	<b>\$ 55,991,806</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	-	-	-	-	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(210)	-	-	(110)	(330)	(5,251)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	(210)	-	-	(110)	(330)	(5,251)
<b>Total Liabilities</b>	(210)	-	-	(110)	(330)	(5,251)
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	931,540	1	130	130
Paid in capital	-	-	9,408,460	54,499,999	54,499,870	54,499,870
(Accumulated deficit)/Retained earnings	(2,143,370)	-	(34,103,706)	-	-	1,497,057
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	(2,143,370)	-	(23,763,706)	54,500,000	54,500,000	55,997,057
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ (2,143,580)</b>	<b>\$ -</b>	<b>\$ (23,763,706)</b>	<b>\$ 54,499,890</b>	<b>\$ 54,499,670</b>	<b>\$ 55,991,806</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Balance Sheet

MOR - 3

March 31, 2005

	Kootenai Development Company	CB Biomedical, Inc.	Amicon, Inc.	Grace Environmental, Inc.	Grace Chemical Company of Cuba	Southern Oil, Resin & Fiberglass, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 5,839	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	(10,483)	(26,614,022)	57,347,191	(7,283,826)	-	-
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	6,908	-	-	-	-	-
<b>Total Current Assets</b>	2,265	(26,614,022)	57,347,191	(7,283,826)	-	-
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	1,630,940	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,633,205</b>	<b>\$ (26,614,022)</b>	<b>\$ 57,347,191</b>	<b>\$ (7,283,826)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	551,649	5,000	-	-	-	-
<b>Total Current Liabilities</b>	551,649	5,000	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	551,649	5,000	-	-	-	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(8,122)	(195)	10,346,794	(230)	-	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	(8,122)	(195)	10,346,794	(230)	-	-
<b>Total Liabilities</b>	543,527	4,805	10,346,794	(230)	-	-
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	-	5,150	-	-
Paid in capital	1,104,954	859,233	3,671,658	5,144,850	-	-
(Accumulated deficit)/Retained earnings	(15,276)	(27,478,060)	43,427,950	(12,433,596)	-	-
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	(99,212)	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	1,089,678	(26,618,827)	47,000,396	(7,283,596)	-	-
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 1,633,205</b>	<b>\$ (26,614,022)</b>	<b>\$ 57,347,191</b>	<b>\$ (7,283,826)</b>	<b>\$ -</b>	<b>\$ -</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.



## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Balance Sheet

MOR - 3

March 31, 2005

	Guanica-Caribe Land Development Corporation	Dewey & Almy, LLC	A-1 Bit & Tool Co., Inc.	Grace Tarpon Investors, Inc.	G C Limited Partners I, Inc.	Monolith Enterprises, Incorporated
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	5,824,284	(102,989)	(1,119,103)	10,284,124	330	(2,417,714)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>5,824,284</b>	<b>(102,989)</b>	<b>(1,119,103)</b>	<b>10,284,124</b>	<b>330</b>	<b>(2,417,714)</b>
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	94,022	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 5,824,284</b>	<b>\$ (8,966)</b>	<b>\$ (1,119,103)</b>	<b>\$ 10,284,124</b>	<b>\$ 330</b>	<b>\$ (2,417,714)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	3	-	-
<b>Total Current Liabilities</b>	-	-	-	3	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	-	-	3	-	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(110)	-	(110)	(560)	(560)	(450)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	<b>(110)</b>	<b>-</b>	<b>(110)</b>	<b>(560)</b>	<b>(560)</b>	<b>(450)</b>
<b>Total Liabilities</b>	<b>(110)</b>	<b>-</b>	<b>(110)</b>	<b>(557)</b>	<b>(560)</b>	<b>(450)</b>
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,000	2,000	29,000	1,000	1,000	26,000
Paid in capital	5,823,446	-	-	3,136,087	-	9,988,414
(Accumulated deficit)/Retained earnings	(52)	(10,966)	(1,147,993)	7,147,595	(110)	(12,431,678)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>5,824,394</b>	<b>(8,966)</b>	<b>(1,118,993)</b>	<b>10,284,682</b>	<b>890</b>	<b>(2,417,264)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 5,824,284</b>	<b>\$ (8,966)</b>	<b>\$ (1,119,103)</b>	<b>\$ 10,284,124</b>	<b>\$ 330</b>	<b>\$ (2,417,714)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
MOR - 3  
March 31, 2005

	Grace Culinary Systems, Inc.	Grace Hotel Services Corporation	Monroe Street, Inc.	Grace H-G Inc.	Hanover Square Corporation	Ecarg, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	(26,312,455)	(5,132,933)	(3,350,634)	(2,509,849)	840	(1,230,613)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>(26,312,455)</b>	<b>(5,132,933)</b>	<b>(3,350,634)</b>	<b>(2,509,849)</b>	<b>840</b>	<b>(1,230,613)</b>
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ (26,312,455)</b>	<b>\$ (5,132,933)</b>	<b>\$ (3,350,634)</b>	<b>\$ (2,509,849)</b>	<b>\$ 840</b>	<b>\$ (1,230,613)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	-	-	-	-	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	(818)	(110)	(210)	(110)	(30)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	-	(818)	(110)	(210)	(110)	(30)
<b>Total Liabilities</b>	-	(818)	(110)	(210)	(110)	(30)
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	1,000	1,000	1,000	50
Paid in capital	-	-	-	-	-	50
(Accumulated deficit)/Retained earnings	(26,312,455)	(5,132,115)	(3,351,524)	(2,510,639)	(50)	(1,230,683)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>(26,312,455)</b>	<b>(5,132,115)</b>	<b>(3,350,524)</b>	<b>(2,509,639)</b>	<b>950</b>	<b>(1,230,583)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ (26,312,455)</b>	<b>\$ (5,132,933)</b>	<b>\$ (3,350,634)</b>	<b>\$ (2,509,849)</b>	<b>\$ 840</b>	<b>\$ (1,230,613)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
MOR - 3  
March 31, 2005

	W.R. Grace Land Corporation	G.C. Management, Inc.	Water Street Corporation	Del Taco Restaurants, Inc.	W.R. Grace Capital Corporation	Gloucester New Communities Company, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	36,708,324	-	(73,061)	(12,559,518)	(264,688)	(19,464,242)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	36,708,324	-	(73,061)	(12,559,518)	(264,688)	(19,463,742)
Properties and equipment, net	-	-	-	-	438,445	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	6,284,806	-	-	-	-	-
Other assets	-	-	-	-	-	4,066
<b>Total Assets</b>	<b>\$ 42,993,130</b>	<b>\$ -</b>	<b>\$ (73,061)</b>	<b>\$ (12,559,518)</b>	<b>\$ 173,757</b>	<b>\$ (19,459,676)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	4,066
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	199	-
<b>Total Current Liabilities</b>	-	-	-	-	199	4,066
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	-	-	-	199	4,066
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(812)	-	(110)	(265)	(759)	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	(812)	-	(110)	(265)	(759)	-
<b>Total Liabilities</b>	(812)	-	(110)	(265)	(560)	4,066
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	5,000	-	1,000	85,539	1,000	5,000
Paid in capital	19,577,160	-	-	6,541,055	4,000	6,000,000
(Accumulated deficit)/Retained earnings	23,411,782	-	(73,951)	(19,185,847)	169,317	(25,468,742)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	42,993,942	-	(72,951)	(12,559,253)	174,317	(19,463,742)
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 42,993,130</b>	<b>\$ -</b>	<b>\$ (73,061)</b>	<b>\$ (12,559,518)</b>	<b>\$ 173,757</b>	<b>\$ (19,459,676)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
MOR - 3  
March 31, 2005

	Creative Food N' Fun Company	Grace PAR Corporation	Grace A-B Inc.	Homco International, Inc.	GPC Thomasville Corp.	Grace Ventures Corp.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	23,478,717	6,345,361	810,265	(59,581,637)	(185)	(86,721)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>23,478,717</b>	<b>6,345,361</b>	<b>810,265</b>	<b>(59,581,637)</b>	<b>(185)</b>	<b>(86,721)</b>
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 23,478,717</b>	<b>\$ 6,345,361</b>	<b>\$ 810,265</b>	<b>\$ (59,581,637)</b>	<b>\$ (185)</b>	<b>\$ (86,721)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(1,432)	(300)	(335)	(405)	(185)	(110)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	<b>(1,432)</b>	<b>(300)</b>	<b>(335)</b>	<b>(405)</b>	<b>(185)</b>	<b>(110)</b>
<b>Total Liabilities</b>	<b>(1,432)</b>	<b>(300)</b>	<b>(335)</b>	<b>(405)</b>	<b>(185)</b>	<b>(110)</b>
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,090,000	1,000	1,000	303,000	-	-
Paid in capital	33,631,999	18,090,032	-	37,765,000	-	1,900,000
(Accumulated deficit)/Retained earnings	(11,241,851)	(11,745,371)	809,600	(97,649,232)	-	(1,986,611)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>23,480,148</b>	<b>6,345,661</b>	<b>810,600</b>	<b>(59,581,232)</b>	<b>-</b>	<b>(86,611)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 23,478,717</b>	<b>\$ 6,345,361</b>	<b>\$ 810,265</b>	<b>\$ (59,581,637)</b>	<b>\$ (185)</b>	<b>\$ (86,721)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
MOR - 3  
March 31, 2005

	Grace Energy Corporation	GEC Management Corporation	Grace Offshore Company	Coalgrace, Inc.	Grace A-B II Inc.	Grace H-G II Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	352,712,699	4,389,612	(15,750,664)	5,296,839	875,359	(5,314)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	352,712,699	4,389,612	(15,750,664)	5,296,839	875,359	(5,314)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	(35,903,123)	(14,135,725)	-	-	-	-
Investment in filing and non-filing entities	187,272,210	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 504,081,786</b>	<b>\$ (9,746,113)</b>	<b>\$ (15,750,664)</b>	<b>\$ 5,296,839</b>	<b>\$ 875,359</b>	<b>\$ (5,314)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	-	-	-	-	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(119)	(110)	-	(360)	(310)	(260)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	(119)	(110)	-	(360)	(310)	(260)
<b>Total Liabilities</b>	(119)	(110)	-	(360)	(310)	(260)
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,000	1,000	(114,960)	100	1,000	1,000
Paid in capital	451,425,156	(2,089,027)	34,215,000	-	-	-
(Accumulated deficit)/Retained earnings	52,655,749	(7,857,976)	(49,850,704)	5,297,099	874,669	(6,054)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	504,081,905	(9,746,003)	(15,750,664)	5,297,199	875,669	(5,054)
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 504,081,786</b>	<b>\$ (9,746,113)</b>	<b>\$ (15,750,664)</b>	<b>\$ 5,296,839</b>	<b>\$ 875,359</b>	<b>\$ (5,314)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
MOR - 3  
March 31, 2005

	Coalgrace II, Inc.	Gracoal II, Inc.	Gracoal, Inc.	Grace Drilling Company	Grace Petroleum Libya Incorporated	Axial Basin Ranch Company
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	108,080	130,215,533	145,239,206	(81,115,113)	47,407,796	-
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	108,080	130,215,533	145,239,206	(81,115,113)	47,407,796	-
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 108,080</b>	<b>\$ 130,215,533</b>	<b>\$ 145,239,206</b>	<b>\$ (81,115,113)</b>	<b>\$ 47,407,796</b>	<b>\$ -</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	27,277,846	27,277,846	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	27,277,846	27,277,846	-	-	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(360)	1,749,615	1,749,790	(480)	(110)	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	(360)	1,749,615	1,749,790	(480)	(110)	-
<b>Total Liabilities</b>	(360)	29,027,461	29,027,636	(480)	(110)	-
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,000	1,000	100	124,473	1,000	-
Paid in capital	-	30,293,750	13,880,108	51,173,713	7,308,934	-
(Accumulated deficit)/Retained earnings	107,440	70,893,322	102,331,362	(132,412,819)	40,097,972	-
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	108,440	101,188,072	116,211,570	(81,114,633)	47,407,906	-
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 108,080</b>	<b>\$ 130,215,533</b>	<b>\$ 145,239,206</b>	<b>\$ (81,115,113)</b>	<b>\$ 47,407,796</b>	<b>\$ -</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Balance Sheet

MOR - 3

March 31, 2005

	Hayden-Gulch West Coal Company	H-G Coal Company	Eliminations between Filing Entities	Conversion to Equity Method	Reporting Reclasses
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	-	-	-	-	200,000
Inventories	-	-	-	-	-
Deferred income taxes	-	-	-	-	(21,249,842)
Other current assets	-	-	-	-	-
<b>Total Current Assets</b>	-	-	-	-	(21,049,842)
Properties and equipment, net	-	-	-	-	-
Goodwill	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-
Deferred income taxes	-	-	-	-	(364,782,283)
Asbestos-related insurance receivable	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-
Investment in filing and non-filing entities	-	-	(1,326,102,717)	294,345,125	1,800,000
Other assets	-	-	(1,101,282)	-	-
<b>Total Assets</b>	\$ -	\$ -	\$ (1,327,203,999)	\$ 294,345,125	\$ (384,032,125)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>					
<b>Liabilities Not Subject to Compromise</b>					
<b>Current Liabilities</b>					
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-
Income taxes payable	-	-	-	-	5,000,000
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-
Other current liabilities	-	-	-	-	(32,049,842)
<b>Total Current Liabilities</b>	-	-	-	-	(27,049,842)
Debt payable after one year	-	-	-	-	-
Deferred income taxes	-	-	-	-	(364,782,283)
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-
Other liabilities	-	-	(100,000)	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	-	(100,000)	-	(391,832,125)
<b>Liabilities Subject to Compromise</b>					
Debt, pre-petition plus accrued interest	-	-	-	-	-
Accounts payable	-	-	-	-	-
Income taxes payable	-	-	-	-	-
Asbestos-related liability	-	-	-	-	-
Other liabilities	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	-	-	-	-	-
<b>Total Liabilities</b>	-	-	(100,000)	-	(391,832,125)
<b>Shareholders' Equity (Deficit)</b>					
Preferred Stock	-	-	-	-	-
Common Stock	-	-	(86,493,960)	-	-
Paid in capital	-	-	(1,222,570,000)	-	-
(Accumulated deficit)/Retained earnings	-	-	(17,040,039)	303,125,447	2,000,000
Treasury stock, at cost	-	-	-	-	-
Accumulated other comprehensive loss	-	-	(1,000,000)	(8,780,322)	5,800,000
<b>Total Shareholders' Equity (Deficit)</b>	-	-	(1,327,103,999)	294,345,125	7,800,000
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	\$ -	\$ -	\$ (1,327,203,999)	\$ 294,345,125	\$ (384,032,125)

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Balance Sheet

MOR - 3

March 31, 2005

	COMBINED FILING ENTITIES
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 281,203,442
Accounts and other receivables, net	118,385,055
Receivables from/(payables to) filing and non-filing entities, net	57,800,801
Inventories	83,297,862
Deferred income taxes	7,765,426
Other current assets	20,042,718
<b>Total Current Assets</b>	<b>568,495,304</b>
Properties and equipment, net	352,001,559
Goodwill	18,876,721
Cash value of company owned life insurance, net of policy loans	81,001,297
Deferred income taxes	663,385,887
Asbestos-related insurance receivable	500,000,000
Loans receivable from/(payable to) filing and non-filing entities, net	340,678,423
Investment in filing and non-filing entities	484,138,003
Other assets	82,803,011
<b>Total Assets</b>	<b>\$ 3,091,380,205</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>	
<b>Liabilities Not Subject to Compromise</b>	
<b>Current Liabilities</b>	
Debt payable within one year	\$ 0
Accounts payable	56,849,530
Income taxes payable	5,000,268
Asbestos-related liability expected to be disbursed within one year	-
Other current liabilities	72,016,477
<b>Total Current Liabilities</b>	<b>133,866,276</b>
Debt payable after one year	-
Deferred income taxes	-
Asbestos-related liability expected to be disbursed after one year	-
Other liabilities	385,969,070
<b>Total Liabilities Not Subject to Compromise</b>	<b>519,835,346</b>
<b>Liabilities Subject to Compromise</b>	
Debt, pre-petition plus accrued interest	655,138,938
Accounts payable	31,313,715
Income taxes payable	208,736,452
Asbestos-related liability	1,700,000,000
Other liabilities	604,954,309
<b>Total Liabilities Subject to Compromise</b>	<b>3,200,143,414</b>
<b>Total Liabilities</b>	<b>3,719,978,760</b>
<b>Shareholders' Equity (Deficit)</b>	
Preferred Stock	112
Common Stock	785,546
Paid in capital	423,547,429
(Accumulated deficit)/Retained earnings	(570,070,693)
Treasury stock, at cost	(119,873,585)
Accumulated other comprehensive loss	(362,987,364)
<b>Total Shareholders' Equity (Deficit)</b>	<b>(628,598,555)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 3,091,380,205</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.



Chart 5

<b>W. R. Grace &amp; Co. - Conn</b> <b>Status of Postpetition Taxes</b> <b>MOR-4</b> <b>March 31, 2005</b>				
	<b>Beginning Tax Liability</b>	<b>Amount Withheld or Accrued</b>	<b>Amount Paid</b>	<b>Ending Tax Liability</b>
<b>Federal</b>				
Withholding	\$ -	\$ 9,113,829	\$ (9,113,829)	\$ -
FICA - Employee	4,210	2,807,513	(2,805,238)	6,485
FICA and payroll- Employer	248,529	2,824,092	(2,981,437)	91,184
Unemployment	-	58,280	(58,280)	-
Other	-	50,046	(50,046)	-
<b>Total Federal Taxes</b>	<b>\$ 252,739</b>	<b>\$ 14,853,760</b>	<b>\$ (15,008,830)</b>	<b>\$ 97,669</b>
<b>State and Local</b>				
Withholding	\$ -	\$ 2,472,791	\$ (2,473,733)	\$ (942)
Sales & Use	419,456	350,501	(435,486)	334,471
Property Taxes	2,324,798	397,508	(73,920)	2,648,386
Other	-	75,001	(75,001)	-
<b>Total State and Local</b>	<b>\$ 2,744,254</b>	<b>\$ 3,295,801</b>	<b>\$ (3,058,140)</b>	<b>\$ 2,981,915</b>
<b>Total Taxes</b>	<b>\$ 2,996,993</b>	<b>\$ 18,149,561</b>	<b>\$ (18,066,970)</b>	<b>\$ 3,079,584</b>

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

Remedium Group, Inc. Status of Postpetition Taxes MOR-4 March 31, 2005				
	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
<b>Federal</b>				
Withholding	\$ -	\$ 90,881	\$ (90,881)	\$ -
FICA - Employee	-	26,346	(26,346)	-
FICA and payroll- Employer	-	26,346	(26,346)	-
Unemployment	-	-	-	-
Other	-	518	(518)	-
<b>Total Federal Taxes</b>	\$ -	\$ 144,091	\$ (144,091)	\$ -
<b>State and Local</b>				
Withholding	\$ -	\$ 4,872	\$ (4,872)	\$ -
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
<b>Total State and Local</b>	\$ -	\$ 4,872	\$ (4,872)	\$ -
<b>Total Taxes</b>	\$ -	\$ 148,963	\$ (148,963)	\$ -

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

<b>Grace Washington, Inc.</b> <b>Status of Postpetition Taxes</b> <b>MOR-4</b> <b>March 31, 2005</b>				
	<b>Beginning Tax Liability</b>	<b>Amount Withheld or Accrued</b>	<b>Amount Paid</b>	<b>Ending Tax Liability</b>
<b>Federal</b>				
Withholding	\$ -	\$ 65,997	\$ (65,997)	\$ -
FICA - Employee	-	6,064	(6,064)	-
FICA and payroll- Employer	-	6,064	(6,064)	-
Unemployment	-	-	-	-
Other	-	-	-	-
<b>Total Federal Taxes</b>	\$ -	\$ 78,125	\$ (78,125)	\$ -
<b>State and Local</b>				
Withholding	\$ -	\$ 14,999	\$ (14,999)	\$ -
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
<b>Total State and Local</b>	\$ -	\$ 14,999	\$ (14,999)	\$ -
<b>Total Taxes</b>	\$ -	\$ 93,124	\$ (93,124)	\$ -

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

<b>L B Realty, Inc.</b> <b>Status of Postpetition Taxes</b> <b>MOR-4</b> <b>March 31, 2005</b>				
	<b>Beginning Tax Liability</b>	<b>Amount Withheld or Accrued</b>	<b>Amount Paid</b>	<b>Ending Tax Liability</b>
<b>Federal</b>				
Withholding	\$ -	\$ -	\$ -	\$ -
FICA - Employee	-	-	-	-
FICA and payroll- Employer	-	-	-	-
Unemployment	-	-	-	-
Other	-	-	-	-
<b>Total Federal Taxes</b>	\$ -	\$ -	\$ -	\$ -
<b>State and Local</b>				
Withholding	\$ -	\$ -	\$ -	\$ -
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
<b>Total State and Local</b>	\$ -	\$ -	\$ -	\$ -
<b>Total Taxes</b>	\$ -	\$ -	\$ -	\$ -

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

**Darex Puerto Rico, Inc.**  
**Status of Postpetition Taxes**  
**MOR-4**  
**March 31, 2005**

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
<b>Federal</b>				
Withholding	\$ -	\$ -	\$ -	\$ -
FICA - Employee	(1,650)	747	(747)	(1,650)
FICA and payroll- Employer	729	747	(383)	1,093
Unemployment	-	287	(287)	-
Other	-	-	-	-
<b>Total Federal Taxes</b>	<b>\$ (921)</b>	<b>\$ 1,781</b>	<b>\$ (1,417)</b>	<b>\$ (557)</b>
<b>State and Local</b>				
Withholding	\$ 1,364	\$ 1,214	\$ (1,214)	\$ 1,364
Sales & Use	-	-	-	-
Property Taxes	340,537	4,064	(1)	344,600
Other	-	-	-	-
<b>Total State and Local</b>	<b>\$ 341,901</b>	<b>\$ 5,278</b>	<b>\$ (1,215)</b>	<b>\$ 345,964</b>
<b>Total Taxes</b>	<b>\$ 340,980</b>	<b>\$ 7,059</b>	<b>\$ (2,632)</b>	<b>\$ 345,407</b>

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 6

W. R. Grace & Co. - Conn Accounts Receivable Reconciliation and Aging MOR-5 March 2005	
<b>Trade Accounts Receivable Reconciliation</b>	
Trade accounts receivable, beginning of month, gross	\$ 109,800,119
Amounts billed during the period	75,818,820
Amounts collected during the period	(79,310,286)
Other	3,489,107
Trade accounts receivable at the end of month, gross	\$ 109,797,760
<b>Trade Accounts Receivable Aging</b>	
Current	\$ 82,384,281
1-30 days past due	19,076,371
31-60 days past due	6,451,632
+61 days past due	1,885,476
Trade accounts receivable, gross	109,797,760
Allowance for doubtful accounts	(921,179)
Trade accounts receivable, net	\$ 108,876,581
<b>Notes and Accounts Receivable Reconciliation</b>	
Trade accounts receivable, net	\$ 108,876,581
Customer notes and drafts receivable	565,480
Pending customer credit notes	278,803
Advances and deposits	5,907,660
Nontrade receivables, net	296,910
Total notes and accounts receivable, net	\$ 115,925,434

Chart 6

**Remedium Group, Inc.**  
**Accounts Receivable Reconciliation and Aging**  
**MOR-5**  
**March 2005**

**Trade Accounts Receivable Reconciliation**

Trade accounts receivable, beginning of month, gross	\$ -
Amounts billed during the period	-
Amounts collected during the period	-
Other	-
Trade accounts receivable at the end of month, gross	\$ -

**Trade Accounts Receivable Aging**

Current	\$ -
1-30 days past due	-
31-60 days past due	-
+61 days past due	-
Trade accounts receivable, gross	-
Allowance for doubtful accounts	-
Trade accounts receivable, net	\$ -

**Notes and Accounts Receivable Reconciliation**

Trade accounts receivable, net	\$ -
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	-
Total notes and accounts receivable, net	\$ -

Chart 6

**Darex Puerto Rico, Inc.**  
**Accounts Receivable Reconciliation and Aging**  
**MOR-5**  
**March 2005**

**Trade Accounts Receivable Reconciliation**

Trade accounts receivable, beginning of month, gross	\$ 1,944,713
Amounts billed during the period	730,379
Amounts collected during the period	(304,460)
Other	4,221
Trade accounts receivable at the end of month, gross	\$ 2,374,853

**Trade Accounts Receivable Aging**

Current	\$ 1,635,255
1-30 days past due	435,224
31-60 days past due	263,798
+61 days past due	40,576
Trade accounts receivable, gross	2,374,853
Allowance for doubtful accounts	(10,002)
Trade accounts receivable, net	\$ 2,364,851

**Notes and Accounts Receivable Reconciliation**

Trade accounts receivable, net	\$ 2,364,851
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	-
Total notes and accounts receivable, net	\$ 2,364,851



Chart 6

Grace Europe, Inc. Accounts Receivable Reconciliation and Aging MOR-5 March 2005	
<b>Trade Accounts Receivable Reconciliation</b>	
Trade accounts receivable, beginning of month, gross	\$ -
Amounts billed during the period	-
Amounts collected during the period	-
Other	-
Trade accounts receivable at the end of month, gross	\$ -
<b>Trade Accounts Receivable Aging</b>	
Current	\$ -
1-30 days past due	-
31-60 days past due	-
+61 days past due	-
Trade accounts receivable, gross	-
Allowance for doubtful accounts	-
Trade accounts receivable, net	\$ -
<b>Notes and Accounts Receivable Reconciliation</b>	
Trade accounts receivable, net	\$ -
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	94,771
Total notes and accounts receivable, net	\$ 94,771

	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account for this reporting period? If yes, provide an explanation below.		See Note #5 below
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide and explanation below.	X	
5. Are post-petition accounts payable and tax obligations current and paid to date? If no, provide an explanation.	X (unless disputed in normal course of business)	

As part of the first day orders submitted to the court on April 2, 2001, an application for the Debtors to (a) continue and maintain their consolidated cash management system, (b) continue and maintain their existing bank accounts and (c) continue to use existing business forms and granting related relief was included. The Debtors have continued to use their existing bank accounts and no new debtor in possession accounts have been established.

List assets sold/transferred outside the normal course of business over \$25,000:		
Description of Asset	Sale Date	Proceeds
Property located on Schuffletown Road, Laurens County, South Carolina	March 15, 2005	\$ 240,000

## **Combined Chapter 11 Filing Entity Statements**

Chart 8

## W. R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combined Statement of Operations

In millions	Month Ended March 31		Three Months Ended March 31	
	2005	2004	2005	2004
Net sales to third parties	\$ 76.5	\$ 75.2	\$ 221.0	\$ 208.2
Net sales to non-filing entities	31.3	21.1	77.9	61.2
Interest and royalties from non-filing entities	5.8	3.8	9.9	8.8
	113.6	100.1	308.8	278.2
Cost of goods sold to third parties	46.9	51.7	141.0	144.2
Cost of goods sold to non-filing entities	25.3	16.8	61.8	50.2
Selling, general and administrative expenses	22.3	23.2	69.0	61.7
Depreciation and amortization	5.4	4.8	14.9	14.5
Research and development expenses	3.6	3.0	9.6	8.6
Net pension expense	4.5	3.0	13.2	10.2
Interest expense	5.8	1.3	14.4	3.8
Other (income) expense	(0.5)	1.2	(2.1)	(0.5)
Provision for asbestos-related litigation, net of estimated insurance recovery	-	-	-	-
Provision for environmental remediation	-	-	-	-
	113.3	105.0	321.8	292.7
Income (loss) before Chapter 11 expenses, income taxes and equity in net income of non-filing entities	0.3	(4.9)	(13.0)	(14.5)
Chapter 11 expenses, net	(1.9)	(2.5)	(5.9)	(4.5)
Benefit from (provision for) income taxes	1.3	5.3	(0.8)	2.5
Income (loss) before equity in net income of non-filing entities	(0.3)	(2.1)	(19.7)	(16.5)
Equity in net income of non-filing entities	2.9	8.1	22.8	32.3
<b>Net income (loss)</b>	<b>\$ 2.6</b>	<b>\$ 6.0</b>	<b>\$ 3.1</b>	<b>\$ 15.8</b>

The Notes to Combined Financial Statements are an integral part of these statements.

W. R. Grace & Co. - Chapter 11 Filing Entities  
Combined Functional Basis Statement of Cash Flows

In millions	Month Ended March 31, 2005	Three Months Ended March 31, 2005
<b>Core operations cash flow</b>		
Pre-tax income from core operations	\$ 7.5	\$ 8.5
Depreciation and amortization	5.4	14.9
	12.9	23.4
Payments to fund defined benefit pension arrangements	(0.4)	(1.1)
Change in Non-Filing entity operating loans and investment	6.8	3.6
Changes in all core assets/liabilities and other	(67.1)	(73.7)
Net increase in accounts receivable from Non-Filing entities due to transfer price adjustments	-	-
<b>Core Pre-tax Operating Cash Flow</b>	<b>(47.8)</b>	<b>(47.8)</b>
Capital expenditures	(4.6)	(8.8)
<b>Core Pre-tax Operating Free Cash Flow</b>	<b>(52.4)</b>	<b>(56.6)</b>
<b>Charges against core reserves</b>		
Restructuring costs	-	-
Pension liabilities	-	-
Deferred compensation	(0.2)	(0.2)
Self insurance	-	-
<b>Total Spending Against Core Reserves</b>	<b>(0.2)</b>	<b>(0.2)</b>
<b>Net Core Cash Flow</b>	<b>(52.6)</b>	<b>(56.8)</b>
<b>Noncore cash flow</b>		
Proceeds from asset sales	-	0.2
Benefit proceeds under life insurance policies	-	2.0
Cash received (paid) for litigation settlement	-	(8.3)
Other noncore pretax cash flow	0.3	(3.1)
<b>Noncore Pre-tax Cash Flow</b>	<b>0.3</b>	<b>(9.2)</b>
<b>Charges against noncore reserves</b>		
Environmental remediation	(0.4)	(1.2)
Retained obligations and other	(0.2)	(0.3)
Postretirement benefits	(0.7)	(2.3)
<b>Total Spending Against Noncore Reserves</b>	<b>(1.3)</b>	<b>(3.8)</b>
<b>Noncore Cash Flow</b>	<b>(1.0)</b>	<b>(13.0)</b>
<b>Total Pre-tax/Pre-Interest/Pre-Chapter 11 Cash Flow</b>	<b>(53.6)</b>	<b>(69.8)</b>
Cash paid for taxes, net of refunds	(0.8)	(0.9)
Cash paid for interest, net	(0.4)	(0.4)
Chapter 11 expenses paid	(1.0)	(4.4)
<b>Cash Flow before Strategic Investments</b>	<b>(55.8)</b>	<b>(75.5)</b>
<b>Strategic Investments</b>		
Cash paid for businesses acquired	-	-
Proceeds from exercise of stock options	0.3	3.0
<b>Cash used for Strategic Investments</b>	<b>0.3</b>	<b>3.0</b>
<b>Cash Flow after Strategic Investments</b>	<b>(55.5)</b>	<b>(72.5)</b>
Borrowings under the debtor-in-possession facility, net of fees	(0.2)	(0.6)
Net (investing)/financing activities under life insurance policies	-	14.3
<b>Net Cash Flow</b>	<b>\$ (55.7)</b>	<b>\$ (58.8)</b>

The Notes to Combined Financial Statements are an integral part of these statements.

Chart 10

**W. R. Grace & Co. - Chapter 11 Filing Entities**  
**Combined Balance Sheet**

<i>In millions</i>	<b>March 31 2005</b>	<b>December 31 2004</b>	<b>April 2 2001</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 281.2	\$ 340.0	\$ 8.6
Trade accounts receivable, less allowance of \$0.9 (2004 - \$1.0, Filing Date - \$0.7)	112.1	111.6	32.3
Receivables from non-filing entities, net	57.8	37.8	51.2
Inventories	83.3	76.9	80.6
Deferred income taxes	7.8	6.6	80.9
Asbestos-related insurance expected to be realized within one year	-	-	17.0
Other current assets	26.3	31.5	33.4
<b>Total Current Assets</b>	<b>568.5</b>	<b>604.4</b>	<b>304.0</b>
Properties and equipment, net	352.0	359.9	400.4
Goodwill	18.9	18.9	13.6
Cash value of life insurance policies, net of policy loans	81.0	96.0	64.1
Deferred income taxes	663.4	666.2	401.0
Asbestos-related insurance expected to be realized after one year	500.0	500.0	323.4
Loans receivable from non-filing entities, net	340.7	358.6	387.5
Investment in non-filing entities	484.1	468.4	121.0
Other assets	82.8	82.8	308.5
<b>Total Assets</b>	<b>\$ 3,091.4</b>	<b>\$ 3,155.2</b>	<b>\$ 2,323.5</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>			
<b>Liabilities Not Subject to Compromise</b>			
<b>Current Liabilities</b>			
Debt payable within one year	\$ -	\$ -	\$ -
Accounts payable	56.8	57.2	-
Income taxes payable	5.0	5.0	-
Other current liabilities	72.1	125.3	-
<b>Total Current Liabilities</b>	<b>133.9</b>	<b>187.5</b>	<b>-</b>
Debt payable after one year	-	-	-
Other liabilities	386.1	381.8	31.8
<b>Total Liabilities Not Subject to Compromise</b>	<b>520.0</b>	<b>569.3</b>	<b>31.8</b>
<b>Liabilities Subject to Compromise</b>			
Debt, pre-petition plus accrued interest	655.1	645.8	511.5
Accounts payable	31.3	31.3	43.0
Income taxes payable	208.7	210.4	240.1
Asbestos-related liability	1,700.0	1,700.0	1,002.8
Other liabilities	605.0	620.2	568.6
<b>Total Liabilities Subject to Compromise</b>	<b>3,200.1</b>	<b>3,207.7</b>	<b>2,366.0</b>
<b>Total Liabilities</b>	<b>3,720.1</b>	<b>3,777.0</b>	<b>2,397.8</b>
<b>Shareholders' Equity (Deficit)</b>			
Common stock	0.8	0.8	0.8
Paid in capital	423.5	426.5	432.6
Accumulated deficit	(570.1)	(573.2)	(201.8)
Treasury stock, at cost	(119.9)	(125.9)	(136.4)
Accumulated other comprehensive loss	(363.0)	(350.0)	(169.5)
<b>Total Shareholders' Equity (Deficit)</b>	<b>(628.7)</b>	<b>(621.8)</b>	<b>(74.3)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 3,091.4</b>	<b>\$ 3,155.2</b>	<b>\$ 2,323.5</b>

The Notes to Combined Financial Statements are an integral part of these statements.

**W. R. Grace & Co.**  
**Notes to Combined Financial Statements**  
**March 31, 2005**

## **1. Basis of Presentation and Summary of Significant Accounting and Financial Reporting Policies**

W. R. Grace & Co., through its subsidiaries, is engaged in specialty chemicals and specialty materials businesses on a worldwide basis through two business segments: "Davison Chemicals," which includes two product groups – refining technologies and specialty materials; and "Performance Chemicals," which includes three product groups – specialty construction chemicals, building materials, and sealants and coatings.

W. R. Grace & Co. conducts substantially all of its business through a direct, wholly owned subsidiary, W. R. Grace & Co.-Conn. ("Grace-Conn."). Grace-Conn. owns substantially all of the assets, properties and rights of W. R. Grace & Co. on a consolidated basis, either directly or through subsidiaries.

As used in these notes, the term "Company" refers to W. R. Grace & Co. The term "Grace" refers to the Company and/or one or more of its subsidiaries and, in certain cases, their respective predecessors.

**Voluntary Bankruptcy Filing** – In response to a sharply increasing number of asbestos-related personal injury claims, on April 2, 2001 (the "Filing Date"), W. R. Grace & Co. and 61 of its United States subsidiaries and affiliates, including Grace-Conn. (collectively, the "Debtors"), filed voluntary petitions for reorganization (the "Filing") under Chapter 11 of the United States Bankruptcy Code ("Chapter 11" or the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The cases were consolidated and are being jointly administered under case number 01-01139 (the "Chapter 11 Cases"). Grace's non-U.S. subsidiaries and certain of its U.S. subsidiaries were not included in the Filing.

During 2000 and the first quarter of 2001, Grace experienced several adverse developments in its asbestos-related litigation, including: a significant increase in personal injury claims, higher than expected costs to resolve personal injury and certain property damage claims, and class action lawsuits alleging damages from a former attic insulation

product (Zonolite Attic Insulation or "ZAI"). After a thorough review of these developments, the Board of Directors of Grace concluded on April 2, 2001 that a federal court-supervised Chapter 11 process provided the best forum available to achieve fairness in resolving these claims. Under Chapter 11, the Debtors have continued to operate their businesses as debtors-in-possession under court protection from creditors and claimants, while using the Chapter 11 process to develop and implement a plan for addressing the asbestos-related claims. Since the Filing, all motions necessary to conduct normal business activities have been approved by the Bankruptcy Court. (See Note 2 for Chapter 11 Related Information.)

**Basis of Presentation** – The interim Consolidated Financial Statements presented herein are unaudited and should be read in conjunction with the Consolidated Financial Statements presented in the Company's 2004 Annual Report on Form 10-K. Such interim Consolidated Financial Statements reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of the results of the interim periods presented; all such adjustments are of a normal recurring nature. Potential accounting adjustments discovered during normal reporting and accounting processes are evaluated on the basis of materiality, both individually and in the aggregate, and are recorded in the accounting period discovered, unless a restatement of a prior period is necessary. All significant intercompany accounts and transactions have been eliminated.

The results of operations for the three-month interim period ended March 31, 2005 are not necessarily indicative of the results of operations for the year ending December 31, 2005.

**Reclassifications** – Certain amounts in prior years' Consolidated Financial Statements have been reclassified to conform to the 2005 presentation.

**Use of Estimates** – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires that management make estimates and assumptions affecting the assets and liabilities reported at the date of the Consolidated Financial Statements, and the revenues and expenses reported for the periods

presented. Actual amounts could differ from those estimates. Changes in estimates are recorded in the period identified. Grace's accounting measurements that are most affected by management's estimates of future events are:

- Contingent liabilities such as asbestos-related matters, environmental remediation, income taxes, and litigation related to retained obligations of divested businesses and discontinued operations.
- Pension and postretirement liabilities that depend on assumptions regarding discount rates and/or total returns on invested funds.
- Depreciation and amortization periods for long-lived assets, including property and equipment, intangible, and other assets.
- Realization values of various assets such as net deferred tax assets, trade receivables, inventories, insurance receivables, and goodwill.

The accuracy of these and other estimates may also be materially affected by the uncertainties arising under Grace's Chapter 11 proceeding.

**Financial Instruments** – Grace periodically enters into interest rate swap agreements and foreign exchange forward and option contracts to manage exposure to fluctuations in interest and foreign currency exchange rates. Grace does not hold or issue derivative financial instruments for trading purposes. At March 31, 2005, Grace did not hold and had not issued any derivative financial instruments.

**Effect of New Accounting Standards** – In December 2004, the Financial Accounting Standards Board ("FASB") revised Statement of Financial Accounting Standards ("SFAS") No. 123, "Share-Based Payment," to require companies to measure and recognize in operations the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value. The provisions of this standard are effective as of the beginning of the first annual reporting period that begins after June 15, 2005. Grace believes that this standard will not have a material impact on the Consolidated Financial Statements.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs – an Amendment of ARB No. 43, Chapter 4," to provide clarification that abnormal amounts of idle facility expense, freight, handling costs, and wasted material be recognized as current-period charges. In addition, this standard requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The provisions of this standard are effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Grace is currently evaluating the impact the standard will have on the Consolidated Financial Statements.

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## 2. Chapter 11 Related Information

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**Plan of Reorganization** – On November 13, 2004 Grace filed a plan of reorganization, as well as several associated documents, including a disclosure statement, with the Bankruptcy Court. On January 13, 2005, Grace filed an amended plan of reorganization (the "Plan") and related documents to address certain objections of creditors and other interested parties. The amended Plan is supported by committees representing general unsecured creditors and equity holders, but is not supported by committees representing asbestos personal injury claimants and asbestos property damage claimants.

Under the terms of the Plan, a trust would be established under Section 524(g) of the Bankruptcy Code to which all pending and future asbestos-related claims would be channeled for resolution. Grace has requested that the Bankruptcy Court conduct an estimation hearing to determine the amount that would need to be paid into the trust on the effective date of the Plan to satisfy the estimated liability for each class of asbestos claimants and trust administration costs and expenses over time. The Plan provides that Grace's asbestos-related liabilities would be satisfied using cash and securities from Grace and third parties.

The Plan will become effective only after a vote of eligible creditors and with the approval of the Bankruptcy Court and the U.S. District Court for the District of Delaware. Votes on the Plan may not be solicited until the Bankruptcy Court approves the disclosure statement. The Debtors have received



extensions of their exclusive right to propose a plan of reorganization through May 24, 2005, and extensions of the Debtors' exclusive right to solicit acceptances of a plan of reorganization through July 24, 2005.

Under the terms of the Plan, Grace would satisfy claims under the Chapter 11 cases as follows:

Asbestos-Related Claims and Costs

A trust would be established under Section 524(g) of the Bankruptcy Code to which all pending and future asbestos-related claims would be channeled for resolution. The trust would utilize specified trust distribution procedures to satisfy the following allowed asbestos-related claims and costs:

1. *Personal injury claims that meet specified exposure and medical criteria (Personal Injury-Symptomatic Eligible or "PI-SE" Claims)* – In order to qualify for this class, claimants would have to prove that their health is impaired from meaningful exposure to asbestos-containing products formerly manufactured by Grace.
2. *Personal injury claims that do not meet the exposure and medical criteria necessary to qualify as PI-SE Claims (Personal Injury-Asymptomatic and Other or "PI-AO" Claims)* – This class would contain all asbestos-related personal injury claims against Grace that do not meet the specific requirements to be PI-SE Claims but do meet certain other specified exposure and medical criteria.
3. *Property damage claims, including claims related to ZAI ("PD Claims")* – In order to qualify for this class, claimants would have to prove Grace liability for loss of property value or remediation costs related to asbestos-containing products formerly manufactured by Grace.
4. *Trust administration costs and legal expenses.*

The claims arising from such proceedings would be subject to this classification process as part of the Plan.

Grace has requested that the Bankruptcy Court conduct estimation hearings to determine the amounts that would need to be paid into the trust on the effective date of the Plan to satisfy the estimated liability for each class of asbestos claimants and trust administration costs and expenses over time. The amounts to fund PI-SE Claims, PD Claims and the expense of trust administration would be capped at the amount determined through the estimation hearing, therefore, after initial funding of the asbestos trust; Grace would have no further obligation for these claims and costs. Amounts required to fund PI-AO Claims would not be capped, so if the amount funded in respect thereof later proved to be inadequate, Grace would be responsible for contributing additional funds into the asbestos trust to satisfy PI-AO Claims. Grace expects that the estimation process likely will extend into 2006.

Asbestos personal injury claimants would have the option either to litigate their claims against the trust in federal court in Delaware or, if they meet specified eligibility criteria, accept a settlement amount based on the severity of their condition. Asbestos property damage claimants would be required to litigate their claims against the trust in federal court in Delaware. The Plan provides that, as a condition precedent to confirmation, the maximum estimated aggregate funding amount for all asbestos-related liabilities (PI-SE, PI-AO and PD including ZAI) and trust administration costs and expenses as determined by the Bankruptcy Court cannot exceed \$1,613 million, which Grace believes would fund over \$2 billion in claims, costs and expenses over time.

The PI-SE Claims, the PD Claims and the related trust administration costs and expenses would be funded with (1) \$512.5 million in cash (plus interest at 5.5% compounded annually from December 21, 2002) and nine million shares of common stock of Sealed Air Corporation ("Sealed Air") pursuant to the terms of a settlement agreement resolving asbestos-related and fraudulent transfer claims against Sealed Air, and (2) Grace common stock. The amount of Grace common stock required to satisfy these claims will depend on the liability measures approved by the Bankruptcy Court and the value of the Sealed Air settlement, which changes daily with the accrual of interest and the trading

value of Sealed Air stock. The Sealed Air settlement agreement remains subject to Bankruptcy Court approval and the fulfillment of specified conditions.

The PI-AO Claims would be funded with warrants exercisable for that number of shares of Grace common stock which, when added to the shares issued directly to the trust on the effective date of the Plan, would represent 50.1% of Grace's voting securities. If the common stock issuable upon exercise of the warrants is insufficient to pay all PI-AO Claims (the liability for which is uncapped under the Plan), then Grace would pay any additional liabilities in cash.

#### Other Claims

The Plan provides that all allowed claims other than those covered under the asbestos trust would be paid 100% in cash (if such claims qualify as administrative or priority claims) or 85% in cash and 15% in Grace common stock (if such claims qualify as general unsecured claims). Grace estimates that claims with a recorded value of approximately \$1,264 million, including interest accrued through March 31, 2005, would be satisfied in this manner at the effective date of the Plan. Grace would finance these payments with cash on hand, cash from Fresenius Medical Care Holdings, Inc. ("Fresenius") paid in settlement of asbestos and other Grace-related claims, new Grace debt, and Grace common stock. Grace would satisfy other non-asbestos related liabilities and claims (primarily certain environmental, tax, pension and retirement medical obligations) as they become due and payable over time. Proceeds from available product liability insurance applicable to asbestos-related claims would supplement operating cash flow to service new debt and liabilities not paid on the effective date of the Plan.

#### Effect on Grace Common Stock

The Plan provides that Grace common stock will remain outstanding at the effective date of the Plan, but that the interests of existing shareholders would be subject to dilution by additional shares of common stock issued under the Plan. In addition, in order to preserve significant tax benefits from net operating loss carryforwards ("NOLs"), which are subject to elimination or limitation in the event of a change in control (as defined by the Internal Revenue Code) of Grace, the Plan places restrictions

on the purchase of Grace common stock. The restrictions would prohibit (without the consent of Grace), for a period of three years, a person or entity from acquiring more than 4.75% of the outstanding Grace common stock or, for those persons already holding more than 4.75%, prohibit them from increasing their holdings. The Bankruptcy Court has also approved the trading restrictions described above until the effective date of the Plan.

Grace intends to address all pending and future asbestos-related claims and all other pre-petition claims as outlined in the Plan. However, Grace may not be successful in obtaining approval of the Plan by the Bankruptcy Court and other interested parties. Instead, a materially different plan of reorganization may ultimately be approved and, under the ultimate plan of reorganization, the interests of the Company's shareholders could be substantially diluted or cancelled. The value of Grace common stock following a plan of reorganization, and the extent of any recovery by non-asbestos-related creditors, will depend principally on the allowed value of Grace's asbestos-related claims as determined by the Bankruptcy Court.

#### *Official Parties to Grace's Chapter 11 Proceedings*

- Three creditors' committees, two representing asbestos claimants and the third representing other unsecured creditors, and a committee representing shareholders have been appointed in the Chapter 11 Cases. These committees, and a legal representative of future asbestos claimants, have the right to be heard on all matters that come before the Bankruptcy Court and are likely to play important roles in the Chapter 11 Cases. The Debtors are required to bear certain costs and expenses of the committees and of the future asbestos claimants' representative, including those of their counsel and financial advisors.

*Claims Filings* – The Bankruptcy Court established a bar date of March 31, 2003 for claims of general unsecured creditors, asbestos-related property damage claims and medical monitoring claims related to asbestos. The bar date did not apply to asbestos-related personal injury claims or claims related to ZAI, which will be dealt with separately.

Approximately 14,900 proofs of claim were filed by the bar date. Of these claims, approximately 9,400 were non-asbestos related, approximately 4,300 were for asbestos-related property damage, and approximately 1,000 were for medical monitoring. The medical monitoring claims were made by individuals who allege exposure to asbestos through Grace's products or operations. These claims, if sustained, would require Grace to fund ongoing health monitoring costs for qualified claimants. In addition, approximately 500 proofs of claim were filed after the bar date.

Approximately 7,000 of the non-asbestos related claims involve claims by employees or former employees for future retirement benefits such as pension and retiree medical coverage. Grace views most of these claims as contingent and has proposed a plan of reorganization that would retain such benefits. The other non-asbestos related claims include claims for payment of goods and services, taxes, product warranties, principal and interest under pre-petition credit facilities, amounts due under leases and other contracts, leases and other executory contracts rejected in the Bankruptcy Court, environmental remediation, indemnification or contribution to actual or potential co-defendants in asbestos-related and other litigation, pending non-asbestos-related litigation, and non-asbestos-related personal injury.

The Debtors' have analyzed the claims as filed and have found that many are duplicates, represent the same claim filed against more than one of the Debtors, lack any supporting documentation, or provide insufficient supporting documentation. As of March 31, 2005, the Debtors had filed with the Bankruptcy Court objections to 1,366 claims. Most of these objections were non-substantive (duplicates, no supporting documentation, late filed claims, etc.). Of such claims, 1,104 have been expunged, 33 have been withdrawn, and the remainder will be addressed through the claims objection process and the dispute resolution procedures approved by the Bankruptcy Court. The Debtors expect to file objections to a substantial number of additional claims.

Grace believes that its recorded liabilities for claims subject to the bar date represent a reasonable estimate of the ultimate allowable amount for claims

that are not in dispute or have been submitted with sufficient information to both evaluate merit and estimate the value of the claim. The asbestos-related claims are considered as part of Grace's overall asbestos liability and are being accounted for in accordance with the conditions precedent under the Plan, as described in "Accounting Impact" below. As claims are resolved, or where better information becomes available and is evaluated, Grace will make adjustments to the liabilities recorded on its financial statements as appropriate. Any such adjustments could be material to its consolidated financial position and results of operations.

***Litigation Proceedings in Bankruptcy Court*** – In September 2000, Grace was named in a purported class action lawsuit filed in California Superior Court for the County of San Francisco, alleging that the 1996 reorganization involving a predecessor of Grace and Fresenius and the 1998 reorganization involving a predecessor of Grace and Sealed Air were fraudulent transfers. The Bankruptcy Court authorized the Official Committee of Asbestos Personal Injury Claimants and the Official Committee of Asbestos Property Damage Claimants to proceed with claims against Fresenius and Sealed Air on behalf of the Debtors' bankruptcy estate.

On November 29, 2002, Sealed Air and Fresenius each announced that they had reached agreements in principle with such Committees to settle asbestos and fraudulent transfer claims related to such transactions (the "litigation settlement agreements"). Under the terms of the Fresenius settlement, subject to certain conditions, Fresenius would contribute \$115.0 million to the Debtors' estate as directed by the Bankruptcy Court upon confirmation of the Debtors' plan of reorganization, subject to the fulfillment of specified conditions. In July 2003, the Fresenius settlement was approved by the Bankruptcy Court. Under the terms of the proposed Sealed Air settlement, Sealed Air would make a payment of \$512.5 million (plus interest at 5.5% compounded annually, commencing on December 21, 2002) and nine million shares of Sealed Air common stock (valued at \$467.5 million as of March 31, 2005), as directed by the Bankruptcy Court upon confirmation of the Debtors' plan of reorganization. The Sealed Air settlement remains

subject to the approval of the Bankruptcy Court and the fulfillment of specified conditions.

***Debt Capital*** – All of the Debtors’ pre-petition debt is in default due to the Filing. The accompanying Consolidated Balance Sheets reflect the classification of the Debtors’ pre-petition debt within “liabilities subject to compromise.”

The Debtors have entered into a debtor-in-possession post-petition loan and security agreement with Bank of America, N.A. (the “DIP facility”) in the aggregate amount of \$250 million. The term of the DIP facility expires on April 1, 2006.

***Accounting Impact*** – The accompanying Consolidated Financial Statements have been prepared in accordance with Statement of Position 90-7 (“SOP 90-7”), “Financial Reporting by Entities in Reorganization Under the Bankruptcy Code,” promulgated by the American Institute of Certified Public Accountants. SOP 90-7 requires that financial statements of debtors-in-possession be prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the ordinary course of business. However, as a result of the Filing, the realization of certain of the Debtors’ assets and the liquidation of certain of the Debtors’ liabilities are subject to significant uncertainty. While operating as debtors-in-possession, the Debtors may sell or otherwise dispose of assets and liquidate or settle liabilities for amounts other than those reflected in the Consolidated Financial Statements. Further, the ultimate plan of reorganization could materially change the amounts and classifications reported in the Consolidated Financial Statements.

Pursuant to SOP 90-7, Grace’s pre-petition liabilities that are subject to compromise are required to be reported separately on the balance sheet at an estimate of the amount that will ultimately be allowed by the Bankruptcy Court. As of March 31, 2005, such pre-petition liabilities include fixed obligations (such as debt and contractual commitments), as well as estimates of costs related to contingent liabilities (such as asbestos-related litigation, environmental remediation, and other claims). Obligations of Grace subsidiaries not covered by the Filing

continue to be classified on the Consolidated Balance Sheets based upon maturity dates or the expected dates of payment. SOP 90-7 also requires separate reporting of certain expenses, realized gains and losses, and provisions for losses related to the Filing as reorganization items.

Grace has not recorded any assets available to fund asbestos-related and other liabilities under the litigation settlements with Sealed Air and Fresenius, as such agreements are subject to conditions which, although expected to be met, have not been satisfied and approved by the Bankruptcy Court.

Grace’s Consolidated Balance Sheets separately identify the liabilities that are “subject to compromise” as a result of the Chapter 11 proceedings. In Grace’s case, “liabilities subject to compromise” represent pre-petition liabilities as determined under U.S. generally accepted accounting principles. Changes to the recorded amount of such liabilities will be based on developments in the Chapter 11 Cases and management’s assessment of the claim amounts that will ultimately be allowed by the Bankruptcy Court. Changes to pre-petition liabilities subsequent to the Filing Date reflect: 1) cash payments under approved court orders; 2) the terms of Grace’s proposed plan of reorganization, as discussed above, including the accrual of interest on pre-petition debt and the adjustment to Grace’s recorded asbestos-related liability; 3) accruals for employee-related programs; and 4) changes in estimates related to other pre-petition contingent liabilities.

**Change in Liabilities Subject to Compromise -**

Following is a reconciliation of the changes in pre-filing date liability balances for the period from the Filing Date through March 31, 2005.

(In millions)	Current Month	Cumulative Since Filing
Balance, beginning of period .....	\$ 3,218.2	\$ 2,366.0
Cash disbursements and/or reclassifications under Bankruptcy Court orders:		
Freight and distribution order .....	--	(5.7)
Trade accounts payable order .....	--	(9.1)
Other court orders including employee wages and benefits, sales and use tax and customer programs .....	(23.6)	(272.4)
Expense/(income) items:		
Interest on pre-petition liabilities ..	5.5	166.4
Employee-related accruals .....	0.9	21.4
Change in estimate of asbestos-related contingencies .....	--	744.8
Change in estimate of environmental contingencies ...	--	240.6
Change in estimate of income tax contingencies .....	(0.9)	(26.2)
Balance sheet reclassifications .....	--	(25.7)
Balance, end of period .....	\$ 3,200.1	\$ 3,200.1

Additional liabilities subject to compromise may arise due to the rejection of executory contracts or unexpired leases, or as a result of the allowance of contingent or disputed claims.

**3. Other Balance Sheet Accounts**

(In millions)	March 31, 2005	Filing Date
<b>Inventories</b>		
Raw materials .....	\$ 22.9	\$ 20.3
In process .....	20.2	16.2
Finished products .....	73.8	63.8
General merchandise .....	13.3	9.6
Less: Adjustment of certain inventories to a last-in/first-out (LIFO) basis .....	(46.9)	(29.3)
	\$ 83.3	\$ 80.6
<b>Other Assets</b>		
Deferred pension costs .....	\$ 2.9	\$ 227.9
Deferred charges .....	35.7	40.4
Long-term receivables .....	7.5	1.9
Long-term investments .....	--	2.1
Patents, licenses and other intangible assets .....	21.5	25.2
Pension – unamortized prior service cost .....	15.3	8.1
Other assets .....	(0.1)	2.9
	\$ 82.8	\$ 308.5
<b>Other Current Liabilities</b>		
Accrued compensation .....	\$ 18.7	\$ --
Accrued commissions .....	2.8	--
Customer programs .....	10.0	--
Accrued utilities .....	0.1	--
Accrued freight .....	3.0	--
Accrued reorganization fees .....	13.0	--
Other accrued liabilities .....	24.5	--
	\$ 72.1	\$ --
<b>Other Liabilities</b>		
Deferred royalty income – non-filing entities .....	\$ --	\$ 31.8
Pension – underfunded plans ....	323.5	--
Other accrued liabilities .....	62.6	--
	\$ 386.1	\$ 31.8
<b>Other Liabilities Subject to Compromise</b>		
Other postretirement benefits ...	\$ 115.3	\$ 185.4
Environmental remediation .....	343.8	164.8
Retained obligations of divested businesses .....	19.5	45.5
Special pension arrangements ...	79.0	70.8
Deferred compensation .....	4.3	8.2
Self insurance reserve .....	11.6	11.8
Accrued interest on pre-petition liabilities .....	28.2	--
Other accrued liabilities .....	3.3	82.1
	\$ 605.0	\$ 568.6

#### 4. Life Insurance

Grace is the beneficiary of life insurance policies on certain current and former employees with a net cash surrender value of \$81.0 million at March 31, 2005. The policies were acquired to fund various employee benefit programs and other long-term liabilities and are structured to provide cash flow (primarily tax-free) over an extended number of years.

The following table summarizes the net cash value at March 31, 2005 and Filing Date:

Components of Net Cash Value (in millions)	March 31, 2005	Filing Date
Gross cash value .....	\$ 104.7	\$ 453.7
Principal – policy loans .....	(22.9)	(390.3)
Accrued interest – policy loans .....	(0.8)	0.7
Net cash value .....	\$ 81.0	\$ 64.1
Insurance benefits in force .....	\$ 193.6	\$ 2,286.0

Grace's financial statements display income statement activity and balance sheet amounts on a net basis, reflecting the contractual interdependency of policy assets and liabilities.

In January 2005, Grace surrendered and terminated most of these life insurance policies and received approximately \$14.8 million of net cash value from the termination. As a result of the termination, gross cash value of the policies was reduced by approximately \$381 million and policy loans of approximately \$365 million were satisfied. Grace's insurance benefits in force was reduced by approximately \$2 billion to approximately \$191 million as of December 31, 2004.

#### 5. Debt

On March 31, 2005, and Filing Date, Grace's debt was as follows:

Components of Debt (in millions)	March 31, 2005	Filing Date
<b>Debt payable within one year</b>		
DIP facility .....	\$ --	\$ --
Other short-term borrowings .....	--	--
	\$ --	\$ --
<b>Debt payable after one year</b>		
DIP facility .....	\$ --	\$ --
Other long-term borrowings .....	--	--
	\$ --	\$ --
<b>Debt Subject to Compromise</b>		
Bank borrowings .....	\$ 500.0	\$ 500.0
8.0% Notes Due 2004 .....	--	5.7
7.75% Notes Due 2002 .....	--	2.0
Other borrowings .....	14.7	1.2
Accrued interest .....	140.4	2.6
	\$ 655.1	\$ 511.5

In April 2001, the Debtors entered into the DIP facility for a two-year term in the aggregate amount of \$250 million. The DIP facility is secured by priority liens on substantially all assets of the Debtors, and bears interest based on LIBOR. The Debtors' have extended the term of the DIP facility through April 1, 2006. Grace had no outstanding borrowings under the DIP facility as of March 31, 2005; however, \$28.8 million of standby letters of credit were issued and outstanding under the facility. The letters of credit, which reduce available funds under the facility, were issued mainly for trade-related matters such as performance bonds, and certain insurance and environmental matters.

## **Bank Statements**



## Statement of Account

TS

W R GRACE & CO  
C/O CORPORATE ACCOUNTING  
7500 GRACE DRIVE  
COLUMBIA MD 21044-4098

In US Dollars

Account No: 910-1-013572  
Statement Start Date: 01 FEB 2005  
Statement End Date: 28 FEB 2005  
Statement Code: 000-USA-21  
Statement No: 002

Page 1 of 4

TRANSACTIONS			BALANCES		ENCLOSURES	
Total Credits	2	200,000.00	Opening (01 FEB 2005)	Closing (28 FEB 2005)	Credits	0
Total Debits (incl. checks)	19	196,598.75	Ledger	Ledger	Debits	0
Total Checks Paid	0	0.00	Collected	Collected	Checks	0
				51,620.70	55,021.95	
				51,620.70	55,021.95	

Ledger Date	Adj Ledger Date	Value Date	F T	References	Credit / Debit	Description	Closing Balances Date	Amount
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## CREDITS

02FEB		USD		YOUR: CAP OF 05/02/02 OUR: 2541500033JO	100,000.00	BOOK TRANSFER CREDIT B/O: W.R. GRACE AND CO SYRACUSE FDN COLUMBIA MD 21044-4098		
16FEB		USD		YOUR: CAP OF 05/02/16 OUR: 2421900047JO	100,000.00	REF: CHASE MEDICAL ACCT FUNDING BOOK TRANSFER CREDIT B/O: W.R. GRACE AND CO SYRACUSE FDN COLUMBIA MD 21044-4098		

## DEBITS

01FEB 31JAN		USD		OUR: 0503200095WA	11,736.47	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 01/31/05 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
02FEB 01FEB		USD		OUR: 0503300092WA	8,746.35	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 02/01/05 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
03FEB 02FEB		USD		OUR: 0503400095WA	15,394.36	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 02/02/05 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		

FT CODE:

USD - SAME DAY FUNDS  
USN - NEXT DAY FUNDS

US1 - ONE DAY FLOAT  
US2 - TWO DAY FLOAT

US3 - THREE DAY FLOAT  
US4 - FOUR DAY FLOAT

US5 - FIVE DAY FLOAT  
USM - MIXED FLOAT

LEDGER BALANCES	
01FEB	39,884.23
02FEB	131,137.88
03FEB	115,743.52
04FEB	106,451.35
07FEB	99,226.11
08FEB	86,164.60
09FEB	78,505.79
10FEB	70,834.49
11FEB	59,793.36
14FEB	51,222.31
15FEB	40,537.57
16FEB	133,410.85
17FEB	118,918.21
18FEB	106,572.53
22FEB	99,532.42
23FEB	87,017.12
24FEB	73,589.47
25FEB	61,746.45
28FEB	55,021.95

COLLECTED BALANCES	
01FEB	39,884.23
02FEB	131,137.88
03FEB	115,743.52
04FEB	106,451.35
07FEB	99,226.11
08FEB	86,164.60
09FEB	78,505.79
10FEB	70,834.49

PLEASE EXAMINE THIS STATEMENT OF ACCOUNT AT ONCE. THE MAINTENANCE OF THIS ACCOUNT IS SUBJECT TO THE PROVISIONS OF THE NEW YORK UNIFORM COMMERCIAL CODE AND THE BANK'S TERMS AND CONDITIONS FOR BUSINESS ACCOUNTS AND SERVICES. THE BANK DISCLAIMS RESPONSIBILITY FOR ANY ERROR IN OR IMPROPER CHARGE TO THE ACCOUNT AS RENDERED UNLESS INFORMED IN WRITING OF THIS ERROR OR CHARGE WITHIN SIXTY DAYS OF THE DELIVERY, MAILING OR AVAILABILITY OF THE STATEMENT AND CANCELED VOUCHERS. KINDLY REFER TO THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS STATEMENT IN ORDER TO DIRECT YOUR INQUIRIES TO THE PROPER DEPARTMENT FOR PROMPT ACTION.





Statement of Account

TS

W R GRACE & CO  
C/O CORPORATE ACCOUNTING  
7500 GRACE DRIVE  
COLUMBIA MD 21044-4098

Account No:  
Statement Start Date:  
Statement End Date:  
Statement Code:  
Statement No:

In US Dollars  
910-1-013572  
01 FEB 2005  
28 FEB 2005  
000-USA-21  
002  
Page 2 of 4

Ledger Date	Adj Ledger Date	Value Date	F T	References	Credit / Debit	Description	Date	Closing Balances Amount
04FEB 03FEB		03FEB		USD OUR: 0503500093WA	9,292.17	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 02/03/05 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098	11FEB 14FEB 15FEB 16FEB 17FEB 18FEB 22FEB 23FEB 24FEB 25FEB 28FEB	59,793.36 51,222.31 40,537.57 133,410.85 118,918.21 106,572.53 99,532.42 87,017.12 73,589.47 61,746.45 55,021.95
07FEB 04FEB		04FEB		USD OUR: 0503800093WA	7,225.24	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 02/04/05 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
08FEB 07FEB		07FEB		USD OUR: 0503900095WA	13,061.51	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 02/07/05 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
09FEB 08FEB		08FEB		USD OUR: 0504000091WA	7,658.81	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 02/08/05 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
10FEB 09FEB		09FEB		USD OUR: 0504100088WA	7,671.30	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 02/09/05 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
11FEB 10FEB		10FEB		USD OUR: 0504200091WA	11,041.13	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 02/10/05 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
14FEB 11FEB		11FEB		USD OUR: 0504500091WA	8,571.05	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 02/11/05 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
15FEB 14FEB		14FEB		USD OUR: 0504600091WA	10,684.74	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO.		



## Statement of Account

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W R GRACE & CO  
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7500 GRACE DRIVE  
COLUMBIA MD 21044-4098

Account No: 910-1-013572  
Statement Start Date: 01 FEB 2005  
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Statement No: 002  
In US Dollars  
Page 3 of 4

Ledger Date	Adj Ledger Date	Value Date	F T	References	Credit / Debit	Description	Date	Closing Balances Amount
<b>DEBITS CONTINUED</b>								
16FEB	15FEB	15FEB		USD OUR: 0504700086WA	7,126.72	002-2-416598 FOR WORK OF 02/14/05 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO.		
17FEB	16FEB	16FEB		USD OUR: 0504800090WA	14,492.64	002-2-416598 FOR WORK OF 02/15/05 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO.		
18FEB	17FEB	17FEB		USD OUR: 0504900090WA	12,345.68	002-2-416598 FOR WORK OF 02/16/05 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO.		
22FEB	18FEB	18FEB		USD OUR: 0505300090WA	7,040.11	002-2-416598 FOR WORK OF 02/17/05 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO.		
23FEB	22FEB	22FEB		USD OUR: 0505400087WA	12,515.30	002-2-416598 FOR WORK OF 02/18/05 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO.		
24FEB	23FEB	23FEB		USD OUR: 0505500089WA	13,427.65	002-2-416598 FOR WORK OF 02/22/05 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO.		
25FEB	24FEB	24FEB		USD OUR: 0505600093WA	11,843.02	002-2-416598 FOR WORK OF 02/23/05 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO.		
						002-2-416598 FOR WORK OF 02/24/05 W R GRACE & CO C/O CORPORATE		



**Jf MorganChase**

## Statement of Account

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W R GRACE & CO  
C/O CORPORATE ACCOUNTING  
7500 GRACE DRIVE  
COLUMBIA MD 21044-4098

**Account No:** 910-1-013572  
**Statement Start Date:** 01 FEB 2005  
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**Statement Code:** 000-USA-21  
**Statement No:** 002

Ledger Date	Adj Ledger Date	Value Date	F T	References	Credit / Debit	Description	Date	Closing Balances Amount
<b>DEBITS CONTINUED</b>								
28FEB	25FEB	25FEB		USD OUR: 0505900094WA	6,724.50	ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 02/25/05 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
<b>CHECKS</b>								